

1998

# Strange bed fellows: A Case study of merging departments through employee participation

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Strange Bed Fellows:  
A Case Study of  
Merging Departments Through Employee Participation.

by

Eugene P Alibrio

A Case Study submitted to the  
Faculty of the Graduate School of Food, Hotel and Travel Management

at

Rochester Institute of Technology  
in partial fulfillment of the requirement  
for the degree of Master of Science

July 1998

ROCHESTER INSTITUTE OF TECHNOLOGY

School of Food, Hotel and Travel

Department of Graduate Studies

M.S. Service Management

Presentation of Thesis/Project Findings

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### **Abstract**

The purpose of this study is to identify key areas of importance during a merger of two hospitals' Food and Nutritional Service Departments. The study shows that it is vital to include the staff in developing a mission and vision. This creates a future vision that is action oriented and in which all staff have a vested interest. The nineties have proven to be a time of rapid change. The changes implemented by the Food and Nutritional Services of Optima Health were rapid and unsettling for most staff. This case study discusses what went well, what did not go as planned and where improvements could be made in the future. Several evaluation tools are used to identify issues and to compare pre and post merger data. The study will also show that sharing this information with employees and educating them about the importance of evaluative data improves departmental success. In a hospital merger, this case study will show that the human factor is as important as sound financial practice.

## Acknowledgments

I would like first to acknowledge my family: Mary Jo, my wife; Gina, my daughter and John, my son for their patience and understanding over the past two years; without their help and support this education would not have been possible. I especially thank Mary Jo for putting her writing and additional education on hold, so I could pursue my masters degree. Your love and faith in me has been the inspiration that has helped me to succeed.

I would also like to acknowledge the management team of the Food and Nutrition Department at Optima Health for their support in the merger described in this study. It is this team of leaders, which has helped so many employees through a very difficult process and continues to do so. You have my highest respect and thanks.

Paul O'Leary, formerly of the Optima Health's Organizational Development Department, has been a source of great support and knowledge over the years and has guided our staff through several major change processes. I thank you for your partnership in these times of change.

I would especially like to acknowledge the contributions and assistance of Dr. Richard Marecki and Dr. James Jacobs. Thank you for your patience, support, encouragement, mentoring and guidance through this endeavor. The journey is truly the reward.

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## Chapter 1

If you don't like what you see in healthcare just wait a minute. Healthcare is in the process of rapid change. This is the backdrop for Optima Health, an organization merging the Catholic Medical Center and the Elliot Hospital in Manchester, New Hampshire. In February, 1994, the US Department of Justice approved this merger, the first of equal sized hospitals in the United States, to form Optima Health. This merged the only two hospitals in Manchester, New Hampshire as one organization, reducing duplication of services and cost.

Not everything went smoothly. One negative result was fear on the part of residents who felt that their local hospitals were now in jeopardy due to the pending consolidation. Many residents had formed loyalty to a particular hospital, and the merger would radically change where care would be delivered. Physicians and employees were also fearful of this change. Employees felt a loss of job stability due to possible downsizing. Some physicians at both facilities felt that their livelihood might be challenged because of a new credentialing process. Eventually, all acute critical care services would move to the Elliot Hospital, while Catholic Medical Center would handle sub-acute and rehabilitative medicine. Fear of change, as well as loss of control, was unsettling to everyone working for or using Manchester hospitals. This case study will focus on the turbulent process of merging the Food and Nutrition departments within the new Optima Health Organization and demonstrate how two very different departments were joined successfully in a climate of financial and cultural change.



## Background

Catholic Medical Center and Elliot Hospital, located in Manchester, New Hampshire have long histories. For over one hundred years they have been fierce competitors with long-standing rivalry. The two hospitals had Supreme Court litigation pending about which institution would provide open-heart surgery. There were additional legal issues regarding oncology services and which hospital would provide radiation treatment for cancer. Other examples abound.

In addition, the cultural difference between the two hospitals was aided by geography. The city of Manchester is divided by the Merrimack River, which also divides two different ethnic groups. The West Side, served by Catholic Medical Center, has a predominant French-Canadian population, while the East Side where the Elliot Hospital is located, has a prevailing Yankee make-up. One is considered the warm friendly hospital and the other is considered the highly technical hospital. One was very community service driven, the other very financially driven.

The hospital medical staffs were also deeply divided for numerous reasons. There were two separate credential processes with very few physicians practicing at both facilities. Physicians had built their practices and offices around the hospital of their preference. Many doctors have spent considerable dollars for office space during the condominium boom of the eighties. They now faced the possibility of using a hospital on the other side of town. The thought of having to traveling across town to provide service was unacceptable to many. This made the process even more difficult as many physicians were not open to change. Any newcomer to the area would quickly pick up the lack of cooperation brought on by physicians' alliances and residence preferences.

A typical advertisement in the local newspapers demonstrated these differing preferences readily. Everyone was on a collision course when the decision to merge was agreed upon by the joint boards of trustees.

The merger process promised the reduction of one hundred and fifty million dollars in health care costs over ten years. It also promised stronger local control of health care in the city of Manchester and the surrounding communities. HMO's and other hospitals in the local areas were creating competitive pressures and further advancing the need for change. The merger would also bring together two medical staffs under one consistent credential process.

This partnership would prove to be a major challenge even for departments like Food and Nutrition services. Food and Nutritional Services at both facilities had a long history of and functioned with different styles of management. Catholic Medical Center had contracted its Food Services Department to a Professional Management company (Sodexo Corporation) for over 20 years. Elliot Hospital had chosen 13 years prior to internally manage its own Food Services. Two very different styles of management were in use; top down management style at Catholic Medical Center and a employee participation process at the Elliot Hospital. The Sodexo Corporation at Catholic Medical Center made numerous management changes over time - changes that threatened employees, rotated them frequently, and created undue hardships. Often times Sodexo would use the assistant manager position for developing new managers, a proving ground of sorts for their future business managers. This was not always done in the best interest of hospital that it was paid to manage. When the need for a new manager arose

elsewhere assistants were quickly moved with long gaps at the hospital without replacements. This left remaining managers to fend for them and derailed opportunities to build a quality program. The opportunity to develop a sense of management team was never realized. This practice also left little if any major opportunity for the line staff within the hospital to promote from within. Turnover of promising staff who wanted advancement in their careers was common.

On the other hand, the Elliot Hospital Food and Nutrition Service had developed a strong leadership and team management approach. They had a strong commitment to promotion from within. They encouraged continuing education for its staff and accomplished many internal workshops for all staff not just managers and supervisors. Expectations were set high for employees with recognition and additional career opportunities. When an opportunity for promotion developed the department's internal candidates were given first opportunity to fill the vacancy, if qualified. This enabled staff advancement without leaving the organization. This also created some inbreeding as new ideas were limited to staff who were often promoted from within the same organization. Outside candidates were sought if the internal candidates did not meet the qualifications.

There was also a strong sense of competitiveness between the two food and nutrition departments. This was due to Sodexo losing the Elliot Hospital contract to a self-managed operation 13 years earlier. This same successful self-managed operation now threatened their last and only contract in Manchester.

This self-participatory management style had been a wise change for the Elliot Hospital because it created significant savings over the high cost of contract services. It also fueled ill feelings at the loss of a second contract that was valued.



Two years after the major merger decision was made the hospitals decided to self manage both operations as one department. On two occasions proposals were made to a group of senior managers by the contract company and the management team of the self operators. It was the agreement of the senior management group that self-management was the most effective way to make the change. This meant significant change for both facilities.

### **Problem**

There were many obstacles that had to be overcome with the merger of departments while maintaining and increasing patient satisfaction. The new organization promised the community that there would be \$150 million savings over 10 years as a result of the merger. In the new food service operation, the following were problematic: (1) reducing cost, (2) merging two very different styles of management, (3) blending competitive cultures, (4) educating staff regarding new menus, recipes and production techniques, (5) overcoming the fear of job loss. Employees feared this the most.

### **Purpose**

The case will describe merger activities, examine the design and development of the new department, address implementation, and demonstrate quality results. It will review employee reactions during a process of uncertainty as well as the development process as it refers to transition and change. It will review successes and failures encountered. The following outcomes were projected and accomplished during the merger process. (1) Operational cost were reduced. (2) Patient satisfaction was increased. (3) Employees fears of change and job loss were reduced by including them



in the process. (4) A full 3 year accreditation for both hospitals during the first months of operation. (5) Successful transition to a new management style.

### **Significance**

This study will illustrate the process of merging two hospital Food and Nutrition departments successfully through employee participation. The process of change is difficult for most under ideal circumstances; many differences made this only more complex. It is through employee participation that the success of the process would be fully realized. The participation process helps involved employees to better understand one another. Difference can be diminished through regular meetings and use of a good facilitator.

Cooperation through participation would be the foundation of a new culture to emerge. The new culture would identify and value its customers/patients and come to see that they are fully satisfied. Through employee participation, the focus would become the customer and their needs not differences in culture, operations, or management style.

### **Methodology**

This case study will develop a narrative about the merger process at Optima Health. Other examples will also be used to enhance the understanding of the ongoing merger process. The study shows through a narrative the design, development and outcomes of the merging process for these two departments. Results from the Press Ganey survey will also be used to demonstrate customer satisfaction before during and after the process. Financial data will be used to demonstrate savings and increases in revenues throughout the period studied. Outside surveying agencies such as the city health department report scores will be shown to reflect the need for change, to show

trends, and to examine change over time. Lastly, the Joint Commission on Accreditation of Hospital Organizations will also be used as an indicator of pre - and post - merger changes. The design of the project will take the following format: the project will tell the story of the merger of two food and nutrition departments, and review the literature to interpret the best practices used to complete successful mergers. Leadership and culture, underpinnings of any change, will also be discussed in relationship to mergers.

The Press Ganey Patient Survey evaluates patient perceptions of service received from the food and nutrition department. Many health care institutions use this tool to identify patient/customer satisfaction. Every inpatient of both Elliot Hospital and Catholic Medical Center receives a standardized survey two weeks after discharge. Patients are encouraged to return their comments, which are kept in strict confidence. This tool will show quarterly results specific to the department in bar graph format.

The Manchester Department of Health reports results quarterly after unannounced inspections. Numerical scores with comments made in various areas where points may have been deducted identify critical quality and health code compliance areas. These scores will also be presented in bar graph form for comparisons and trends.

The budgetary and actual financial data from both hospitals will be used to analyze financial aspect of the merger. Revenues and costs, both before and after the hospital, merger will be compared. This information will also be reported graphically to reflect differences.

## **Literature Review**

The Healthcare Industry continues to undergo rapid change. The study will focus on healthcare mergers, affiliations, and changes within departments of a healthcare

system. There are many healthcare magazines, which deal with current issue facing merging and affiliating organizations. The Union Leader, a local newspaper and the Boston Globe, a regional newspaper has all written many articles specifically about the Optima Health merger and its affiliation with Optima Healthcare. Many newspaper articles have been critical of the process and its lack of community involvement with decisions. This has been particularly trying for staffs who see the organization they work for written up several time during the week due to the controversy surrounding the change. This controversy has been a major obstacle for many employees buy-in to the change process. For example, Bridges (1991) describes the change process, in his book Managing Transitions, as the employee might perceive it. His stages of change closely match the change process at Optima Healthcare and more specifically the Food and Nutrition Department. Bridges insight into this process is helpful for anyone going through a change process. He gives very clear instructions on the process letting go. Bridges speaks of the importance of what he calls the “neutral zone” showing how important it is to end one era before new can begin. The merger process for departments can be analogous to the week end rush to get home from O’Hare Airport in Chicago; everyone is lined up ready for their turn for take off with a watchful eye of the success of those who went before them. Many lessons can be learned from those who have gone first. The Optima Health organization put together a merger/consolidation team to learn from those areas where “others had been before.” We will discuss the recommendations of this group in chapter three.

Lastly, recommendations about what constitutes a successful merger process will be described and suggestions provided.

## **Assumptions**

**Ideological Assumptions:** The following assumptions will apply regarding this study. Mergers and affiliations are on the rise as determined in a brief literature review. This researcher has been through one merger and one affiliation and believes that these processes can save money for patients if handled appropriately through the reduction of duplication of services. Improved service can result also, if employees are included in the process.

**Procedural Assumptions:** This broad approach to merging departments will be done through the review of the actual experience encountered, patient satisfaction surveys, actual financial data, city health inspection agencies and hospital accrediting agencies. In total, the reader will observe the merger of two operations unfolding. This holistic approach will serve as a tool for future mergers within and outside the organization.

## **Scope and Limitations**

This case study will focus on the vital signs of the departments merging. This will be done through a narrative look at the design, implementation and outcomes of the process. It will use the patient satisfaction survey, financial data, hospital accrediting agencies results and health inspection scores prior to, during and after the merger for a period of twenty six months from September, 1995 through December, 1997. A review of the literature will offer insights and results of other similar mergers in the area of healthcare. It will also review the actual process as well as the thought process used and its implementation.



The data can serve as a baseline for future follow-up studies. The Press Ganey survey will show trends as additional data is collected from quarter to quarter. The financial data can also be used to determine budgetary trends. Cost per patient day can be measured from month to month or year to year for trends. City health department scores can serve as balance to the above indicators as well as a quality control indicator.

The study offers a balanced approach to examining the merger process as well as the planning and execution of that plan. As such, this study is qualitative and useful for those contemplating merger activity. The study can provide these individuals with useful tools, techniques, and practices in their quest for change.

### **Long Range Consequences**

This study serves as a reference tool for others planning for their own future merger processes. Because of its broad approach it will include hard data, patient views as well as outside regulatory agencies. It will also demonstrate the thinking processes one department took toward merger execution.

### **Design of the Case Study**

The case study design for this project is briefly related below. As the study unfolds the reader will note where numerous successes and failures occurred, and where improvements might be appropriate. Literature review references throughout the process about other merging organizations will aid in the understanding of the Optima Health merger process.

Chapter 2 will discuss additional background and history of the two hospitals. The proposal process will be reviewed as well as the criterion used to make an informed decision by the senior management group.

A discussion regarding this process will show the unsettling transition Optima Health had begun and the rapid non-stop change that became the norm. The transition process will be explored and the various stages staff encounter in this process. Successful planning will be discussed and its importance in building credibility with staff. The staff participation in the process of developing mission, vision, and values will be highlighted.

Chapter 3 will explain the results of the process after one year. What went well, what did not go well including where improvements could be made. These will serve as a start point from which the organization might build its future efforts. The variance shown will be used as a gap analysis to demonstrate new improved categories.

Chapter 4 will discuss the future direction. It will show the critical importance of timely decision making and where the failure to do so creates fear and frustration for the staff affected. These recommendations may be used as key points for building staff confidence as well as the opportunity to save significant dollars in the process. It will show the importance of changing a top down system into a participatory one that is vital to the success of the ever-changing health care system. Samples of measurement tools such as surveys used to gather information from staff in a private and confidential manner will be illustrating their value. These results will be graphed and shared with the food and nutrition staff to focus on areas of improvement. It is only through these types of dialog that any organization can move toward becoming a learning organization.

## DEFINITION OF TERMS

**Acute care facility:** Provides multi-levels of services to a variety of patients.

**Capitation:** A set amount of money received or paid out; it is based on membership rather than on services. May be varied on such factors as age and sex of the enrollee.

**Case Management:** A method of managing the provision of health care to members with catastrophic or high cost medical conditions. The goal is to coordinate the care so as to both improve continuity and quality of care as well as lower costs. This is generally a function of the insurance in the management of the patient use of services of a healthcare provider.

**Case Managers:** A nurse, doctor or social worker who works with patients, providers and insurers to coordinate all services to provide the patient with medically necessary and appropriate care.

**Contract management company:** Profit oriented companies which provide services to organizations such as food services, facilities maintenance, housekeeping and so forth.

**Contract:** A legally enforceable agreement between two parties of health insurance Policy.

**Credentialing:** The most common use of the term refers to obtaining and reviewing the documentation of professional providers. Such documentation includes licenser, certifications, insurance, evidence of malpractice history, and so forth. The term is used by providers related to obtaining hospital privileges and other privileges to practice medicine.

**Fee-for-Service:** The full rate of charge for a private patient without any type of insurance arrangement or discounted health plan.

**HCFA:** Health Care Financing Administration. The federal agency that oversees all aspects of healthcare financing for Medicare.

**HMO-Health Maintenance Organization:** The definition needs to encompass two possibilities: a health plan that places at least some of the providers at risk for medical

expenses and a health plan that utilizes primary care physicians as gate keepers (although there are some HMOs that do not).

**Inpatient:** Services or procedures provided in the hospital generally spending twenty-four hours or more.

**JCAHO-Joint Commission for the Accreditation of Healthcare Organizations:** A federal commission which performs accreditation reviews on hospitals and other healthcare organizations including outpatient and skilled nursing facilities. Medicare and many managed care plans require healthcare organizations under contract to be accredited by JCAHO.

**LOS/ELOS/ALOS:** Length of Stay/Estimated Length of Stay and Average length of stay.

**Hospital Merger:** The joining of two or more hospitals as one operating entity.

**Outpatient:** Procedures which do not generally require an over night stay in the hospital.

**Press Ganey Survey:** A private company which measures patient satisfaction and compares results with other participating organizations for improvement purposes.

**Sub-acute Care:** Usually defined as a lower level of care requiring less intensity of service than acute care.

**Third Party Payer:** A public or private organization that pays for or underwrites coverage for health care expenses or another entity, usually chosen by the employer.



## **Chapter 2**

### **Implementation of the Plan**

The plan will discuss additional background information that is helpful in the understanding of the differences that existed between both hospitals. The various stages the employees encountered with the process and the complexity of the task. It will give the reader insights regarding the unsettling times of healthcare. The importance of planning and the inclusion of staff in the process will also be explored.

It is important to understand the internal climate of the merging organizations and the external pressures placed on the local healthcare system. Historical information about the organization is critical to the understanding the complexities and obstacles incurred by the transition team merging the food and nutrition departments. Focusing on the departments only and not the total climate of the whole organization would overlook critical factors of how the merger developed. A future discussion of the food and nutrition proposal process is also equally important in understanding the development of the merger strategy.

In 1991, the decision was made to study the possibility of merging Catholic Medical Center and Elliot Hospital. In addition to the two hospitals, the original organizations operate a healthcare system consisting of home health services, New England Heart Institute, physician practices, ambulatory surgery center, a regional laboratory, a retirement community, an adult day care, and a child day care. The accounting firm of Ernst and Young was asked to study the potential savings that joining the two organizations would create.

As shown in the following figures, healthcare is facing a crisis. Figures 1 and 2 represent the downward trend in the number of hospitals as well as the decreasing number of available hospital beds. This is due to a significant change in the delivery of care to patients outside the hospital. The pressure is current on hospitals and health care providers to reduce their charge for care.

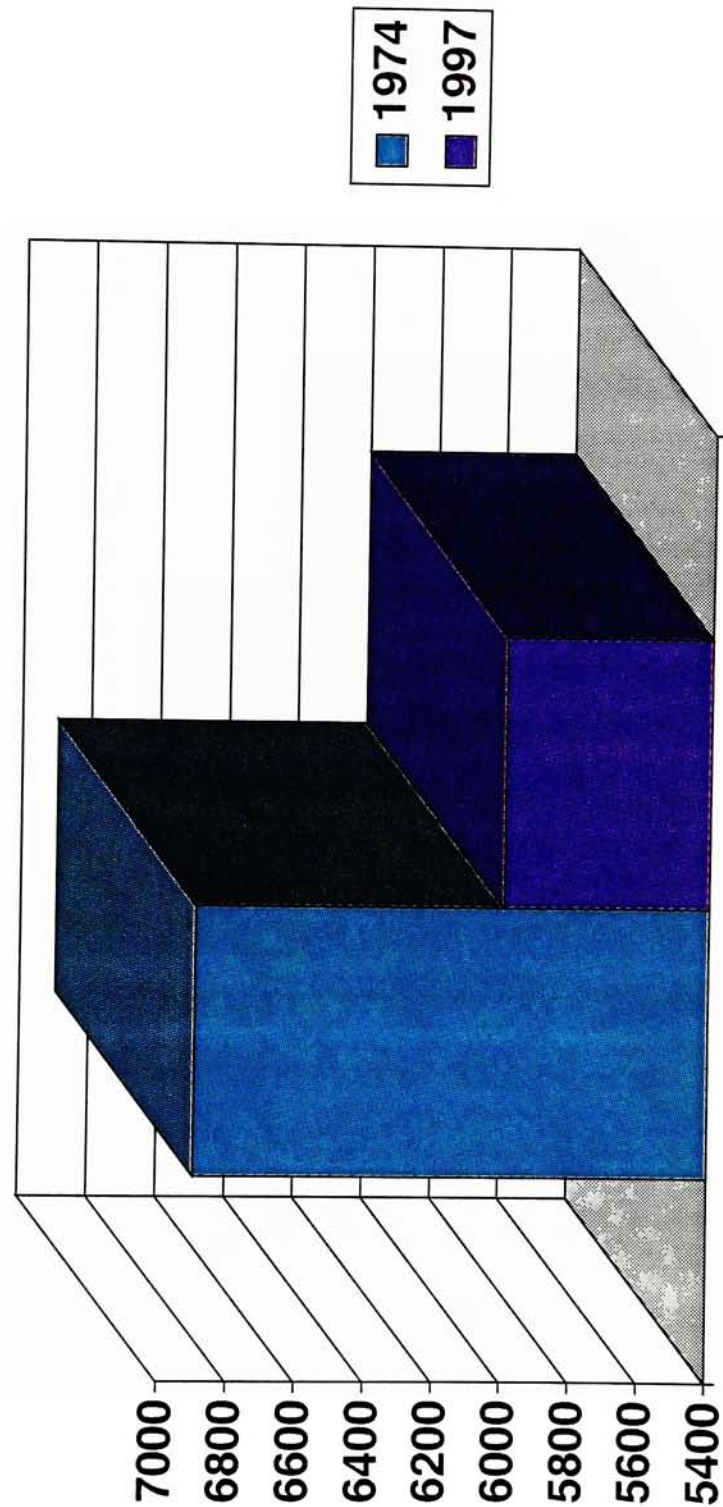
Figures 3 and 4 demonstrate the downward trend in patient days spent in the hospital and average length of stay for patients. One way of reducing cost is to reduce the time spent in the hospital. This has been accomplished through new procedures, technology, and better testing for diagnosis. Managed care has contributed significantly to reducing days spent in the hospital as well as care and recovery delivered in the home.

Figure 5 identifies the forces creating the pressure: consumerism, technology, competition, and managed care. All of the pressures outlined in the chart are reasons for hospital mergers. It is through mergers that hospitals are able to take advantage of shared technology. Managed care risk can be shared and not faced alone by a single institution. The ability to share services offers a competitive edge to reducing overhead costs.

Consumerism was and continues to develop rapidly offering the patient-customer significantly more knowledge with which to base their healthcare choices. Choice offers patients more flexibility and control over healthcare decisions. These include many decisions that were not always available to the patient in the past, but were strictly made by physicians and the healthcare provider.

**Figure 1**

**Downward Trend Nationally in Hospitals**

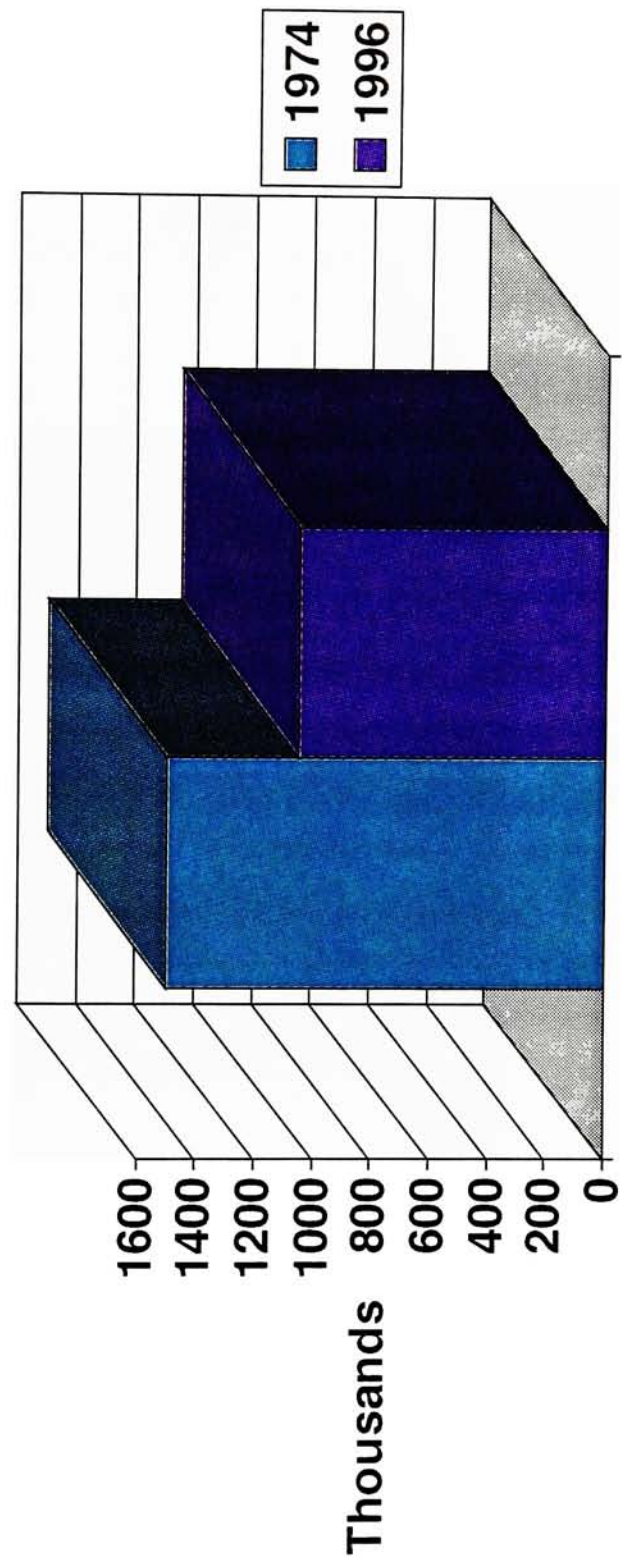


**A Loss of Over 900 Hospitals Nationally**

With permission from O'Neil Griffin Associate (1997) Healthcare Trends unpublished raw data

**Figure 2**

**Hospital Beds National Downward Trend**

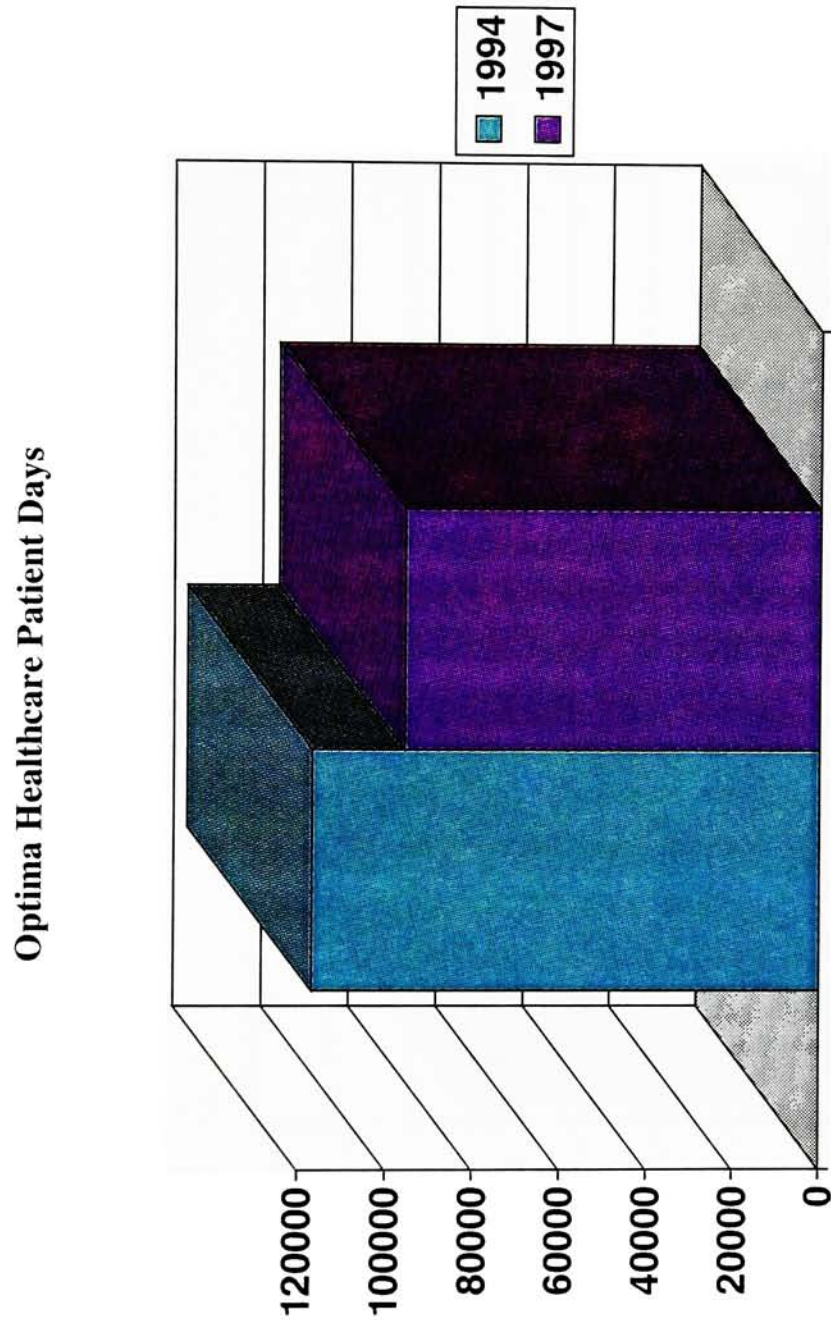


**A Decrease of 451,000 Beds**

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Figure 3

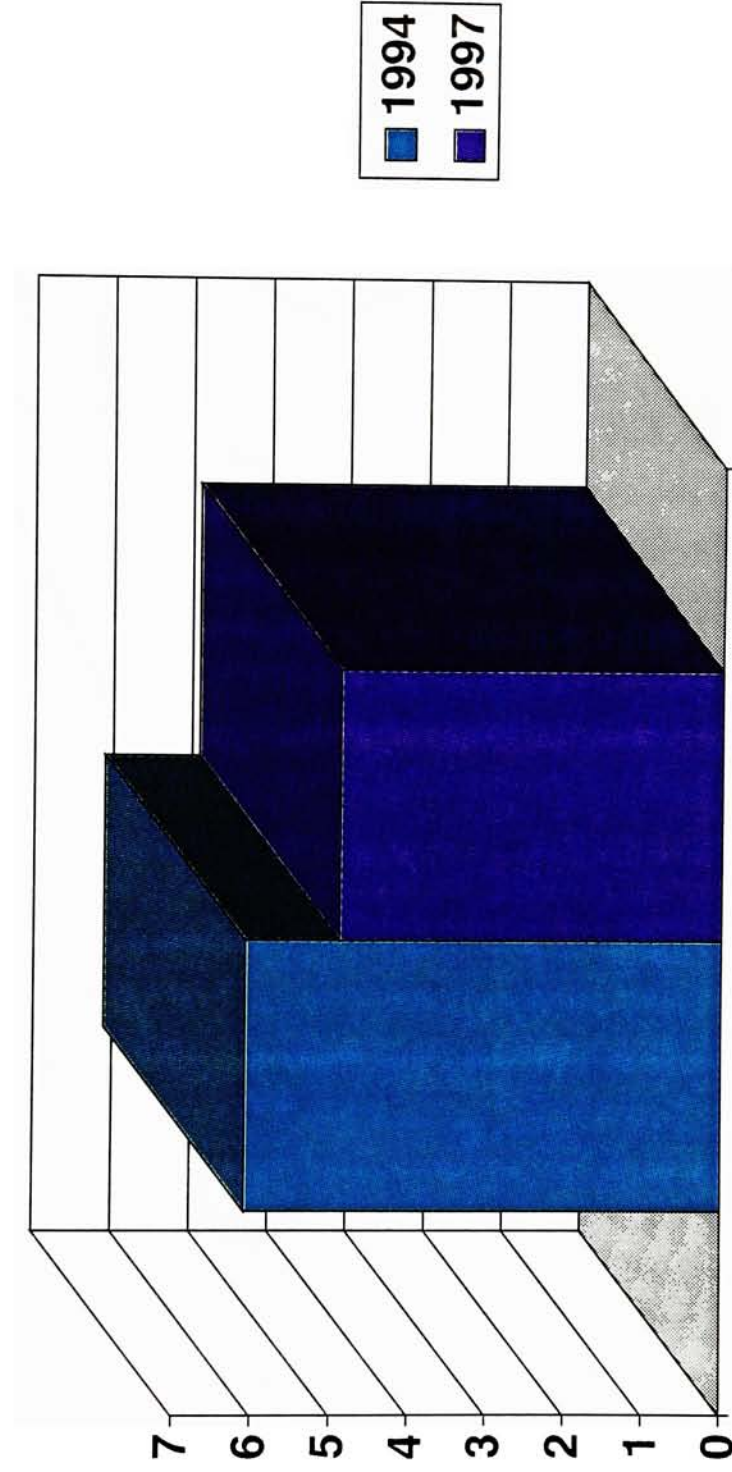


A Total Decrease of 19% In Four Years

With permission from O'Neil Griffin Associate (1997) Healthcare Trends unpublished raw data

**Figure 4**

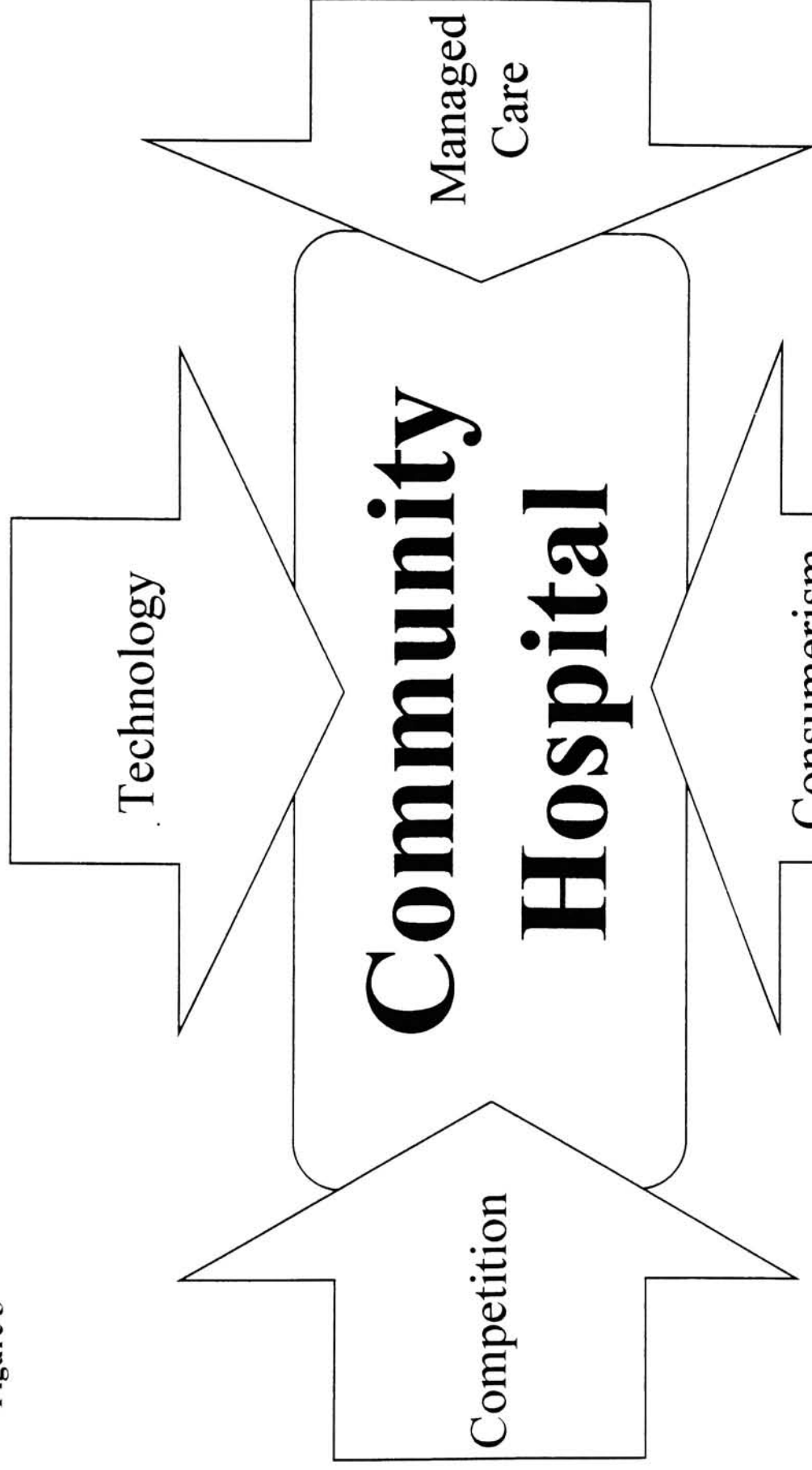
**Optima Healthcare Length of Stay**



**A Decrease of 1.15 Days In Four Years**

With permission from O'Neil Griffin Associate (1997) Healthcare Trends unpublished raw data

**Figure 5**



With permission from O'Neal Griffin  
Associate (1997)  
Healthcare Trends unpublished raw data

In a similar sense, technology has often made significant and substantial advances and changes to the healthcare delivery system. For example, the removal of a gall bladder in the past would require a two-week hospitalization. Today this Procedure requires two days of hospitalization and potentially reduces the of length of stay and cost significantly.

As already indicated, physicians had always been considered the primary healthcare decision-makers. As consumerism spread, managed care by providers outside the hospital environment further decreased hospital usage. In turn, hospitals lost their gatekeeper status, while physicians, provider, and consumers gained greater choice.

As a result of these forces, lawyers from both hospitals began pursuing the legality of change. The US Department of Justice Anti-Trust Division and the New Hampshire Attorney General Office supported the final efforts and recommendations to merge. In February, 1994, Optima Health was formed and the merger process began.

Bolman and Deal (1994) in their article, Merger Meltdown, describe organizational functioning through four metaphors-- families, factories, jungles and temples. These metaphors often function side by side. Their discussion can help to understand some of the major obstacles to be faced by merging organizations. Bolman and Deal go on to explain how most manages fail to understand the four metaphors function in today's workplace individually as well as in concert.

These same metaphors are very visible in the Optima Health organization when looking with a trained eye in hindsight. They can be very difficult to see when buried in daily survival and crisis of merging organizations.



The family image reminds us that organizations house people, who will fully offer their talent and energy only when their work place responds to their personal needs and concerns.

The factory image tells us that every organization is like a complex machine composed of different parts. Relationships among the parts determine whether the gears will mesh or grind.

Organizations are jungles in the sense that they consist of different groups, or species, each with its own interest and agendas competing with one another for such scarce resources as money, power, and prestige.

The temple images reminds us that every organization is a tribe, with its own beliefs, values, customs, and folkways. Some cultures infuse the work place with passion, purpose, and faith. Other breed cynicism, hostility, and indifference.

Regardless, cultures are powerful and difficult to change.

Mergers activate an intense and organic interplay of the family, factory, jungle and temple dynamics. Too many managers fail to see this, because they understand one of two images. The blindness has repeatedly produced disappointing results for mergers in the private sector. Healthcare can learn important lessons from those experiences Bolman and Deal (pg 31).

All of the above images were prevalent as the Optima Health merger began.

Optima Health began the process by developing a merger management team. This team would help to facilitate the merger process across the organization. The process began with the development of mission, vision, norms and values for the newly formed

organization. This was a three phase process conducted by the human resources department and organizational development department. The process included:

- (1) Input was from all employees through a series of small town meetings. These meetings consisted of groups of 30 to 40 employees over a four month period that included about 25% of all areas and levels of the two organizations. The exercise at these town meetings included creating a mission statement, a vision letter written to a friend 10 years hence about the change and a value story narrative to demonstrate a particular values in the organization at some future point.
- (2) A group of 18 staff member from a cross-section of departments throughout the organization took the output of the small town meetings and developed draft statements for mission, vision and values.
- (3) Review and approval of the draft statement was made by the executive management team, senior management team and the board of directors. These processes enabled staff to express their likes and dislikes about the newly developed organization. It exposed the norms and values that they found important through consensus building. This process also put competitors from the past together to create a new vision of the future. It helped staff focus on what they would value in the healthcare system of the future.

A similar process would be carried out throughout the organization at every department level. All departments were encouraged to develop their own mission statement, norms and values with their staff using a similar process.

Albrecht (1994) comments in The Northbound train One of the most useful business

metaphors I've come across is the idea of "northbound train" as an image that conveys an unwavering commitment to a particular direction (pg 20) ." He also states, "At the risk of alienating my primary audience, I feel compelled to raise the issue of executive competence as a fundamental factor in creating the northbound train and as a critical element of the enterprise's capability for getting the train out of the station ( pg 97)." He comments later, "Leadership happens at all level of the organization, and leaders at all levels must become accountable for the contribution required to turn the northbound train concept into reality (page 99)." Covey (1990) suggests a different approach in Principle Centered Leadership, "A more fruitful approach is to look at followers, rather than leaders, and to assess leadership by asking why followers follow (101)." A focus point or direction is similar to true north on a compass or the north bound train. Both authors raise the importance of organizations leading and communicate it direction to staff at all levels within the organization.

As the merger management team began their work; the food and nutrition departments of both hospitals were also asked to prepare and develop presentations for a decision making group made up of senior managers. The senior vice presidents group included; administration, finance, human resources, nursing and medical staff. This group became the ultimate decision makers for the process and would eventually decide whether the organization would self manage or use the services of a contract company. The process of using a diverse group of senior leaders is what Deal and Kennedy (1982) refer to in Corporate Cultures as a signal of an impending culture change. The group decision was highly visible to all patients, visitors, employees and physicians and would signal a change in the way business would be conducted in the future. Decision-makers outwardly showed its importance because of the time spent and process used in making this decision.

There was a signal sent to the organization that a new culture was developing. This was also a symbolic change as these new processes and the management team were noticeable to everyone. The old process of conducting business had changed. Symbolic managers use such processes effectively to bring about changes in culture.

The first proposal would be based:

- (1.) Quality
- (2.) Service
- (3.) Cost
- (4.) Merging departments

The design of merging departments began at this point in the process. The presentation team was made up of three members of the Elliot Hospital Food and Nutrition management team to represent the department. It included: the Director, the Clinical Manager and the Purchasing Coordinator. The entire management team of nine worked along with staff of the department to prepare the content for the proposal. The contract company had a professional sales team at their disposal which regularly did proposals for new business. Shortly after the first proposal there was a nine-month delay due to senior management changes. A second proposal was made to same group of vice presidents at the request of the new leadership. (see charts also).

In April, 1996 after two proposals and one presentation, the senior management group came to a consensus to self manage Optima Health's food and nutrition services. This was finalized by the ultimate decision-maker in June, 1996. It was important to understand that from this project the design of the whole merger of all departments was developed. Subsequent departmental design followed the same process.



Two concurrent time lines would be used: a period of time had transpired which was a three year period from the approval of the corporate merger until the decision was made to self manage food service operations and a 90 day period once the decision was made for the transition of services from contract to self management

This was a very difficult time for all staff in transition; but particularly trying for the Catholic Medical Center staff due to the pending change of their managers. The new decision maker directed that there be no contact with Catholic medical Center staff and the new management team during this 90 day period of transition. When challenged regarding his stance there were concerns for the contract company's proprietary position.. After much discussion and negotiations with little support from decision-maker the new team was able to hold two meetings with the staff at Catholic Medical Center. These meetings proved to be very important for staff and managers alike and were continued weekly after the 90-day transition.

Bridges (1991) speaks to the importance of defining what is over and what isn't. It is critical for staff to mark the ending of the past that will not be brought into the future. It is critical to always treat the past with respect and never denigrate the past. Speaking negatively of the past only creates obstacles that will have to be overcome in the future. People identify with the past and feel that their self worth is being attacked when the past is criticized. It is also critical that staff takes a piece of the past with them (pg 31).

The implementation of merging the food and nutrition departments officially began on September 1, 1996. This process began by first stabilizing the operation under the new management at Catholic Medical Center. On August 31, 1996 the Sodexho Corporation

transferred the operations of food and nutrition services to the new self management team. A reporting structure was put into place at both the Elliot Hospital and Catholic Medical Center for the first time.

The self-managed team had completed significant work prior to the merger to develop a strong team approach to management with the help of the organizational development department of the Elliot Hospital. This process of team building began in October, 1993 and continues today with the addition of new members. The process helped remove some of the traditional barriers that exist in health care food and nutrition departments. For example one of the major differences in the new department today are the new clinical and service-requirements. The new department links together both clinical and service staff under one department. As can be seen, it was the team management process that laid the foundation for the task at hand. A bond developed with this team which helped them get through several delays in the operation. The process had created a better understanding of purpose. This stemmed from the proposal process, which create a sense of pride of department, team, and staff. The process told the story of the many years of service and successes the department produced. It offered a better understanding and respect for the various roles each employee offered in the delivery of services to the patient. Clinical employee and service employee offered pieces to the success puzzle.

A period of transition from two medium size hospitals to one large institution had begun. Bridges (1991) Managing Transitions "It isn't the changes that do you in, it's the transitions. Transition is the psychological process that people go through to come to terms with a new situation. Change is external, transition is internal (pg 3)."

The self-management team made the psychological change that Bridges references. The Elliot Hospital team understood the past was gone. The majority of this self-managed group has worked at the Elliot Hospital for an average of 12 years. The team shared a common past with many including two periods of downsizing. The culture and commitment created was deeply rooted in the past. However, the past was gone and the future was uncertain. There were a series of delays which lasted three years until the decision was decided for the Food and Nutrition department. This created stress and uncertainty for the staff.

The newly selected self managed team needed additional supervisors for the expanded responsibility. The supervisory group from Sodexo was unable to participate due to non-competitive agreements signed at time of hire that excluded anyone working at their location for two years if the contract changed. Due to this arrangement, replacement supervisors were recruited through contacts within the industry. (See chart 9) Due to doubling the area of responsibility a new trial structure was put in place and some vacant positions needed to be filled. One of the major reason for merging departments was to eliminate duplication whenever possible. Some of the prior structure was eliminated as stated in the self-management team's proposal. The proposal stated clearly, that ever attempt would be made to eliminate positions through attrition and transfer. This message was regularly communicated to staff at both hospitals. The addition of new team members during this critical transition period was a difficult process for everyone. The history and current state of affairs was explained to each candidate during the interviewing process. The selection of self-management team and merging process was also difficult for an outsider to understand. The differences in culture were complex and not easily



understood. The merger process in healthcare was a new process and few people were available with the expertise or had experienced the process. New members of the management team had difficulty understanding the previous issues. Time was needed to develop new systems and to explain and understand old ones.

The design of the project had to include all the above criteria (refer to previous figures (6,7,8). This process had to recognize and validate that both organizations were successful in the past. The design of the merging process had to incorporate the best of both operations. Differences between the cultures of the organizations had to be recognized and addressed in the process from the onset. The emotions of staff and their feelings of loss were visible and everyone needed a healing period.

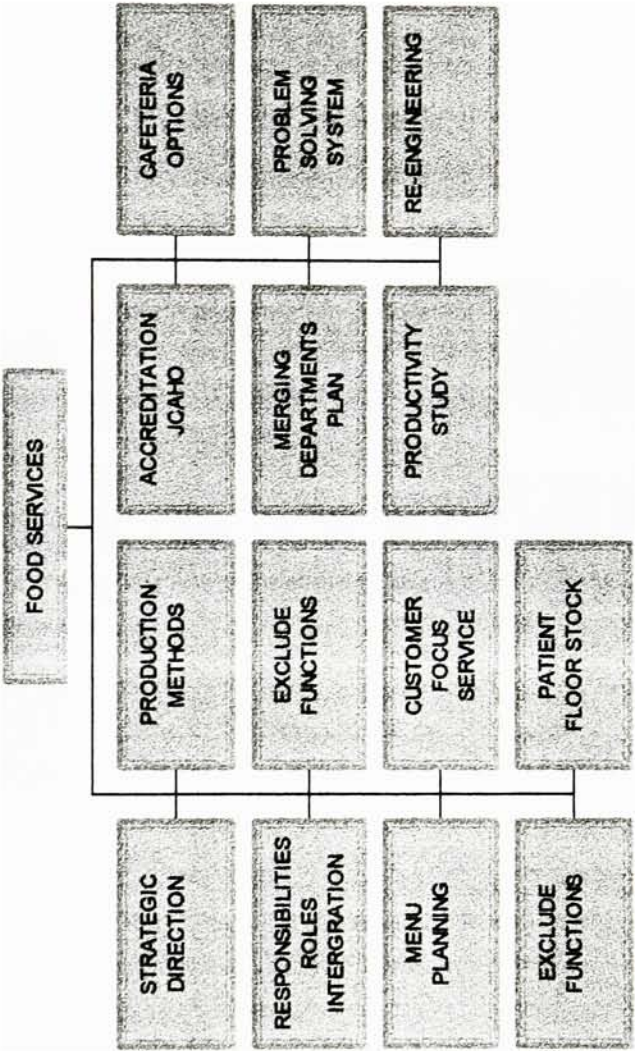
Details and follow-up are so important to any transition. The transition plan for the Food and Nutrition Department was carefully planned. Everyone's role on the management team for the transition and combining of services. Conklin (1994) states in her article Paying attention to details can make or break a merger that "recognizing difference in organizational cultures and creating a new culture is the most common failing of hospitals merging. Many hospitals believe that as long as their mission statement are compatible, everything else will fall into place. But that's rarely the case (pg 20)."

She also quotes Mark Guthrie of Good Samaritan Health System later in the article, "There will always be a surviving culture. There will be changes but one culture will dominate (pg 21)." Thomas Atchinson of Atchinson Consulting Group is quoted in the same article "You cannot blend two parts of your culture and two parts of their culture. This is not an arithmetic average (pg 21)." There were significant differences in cultures and management style that needed to be addressed.



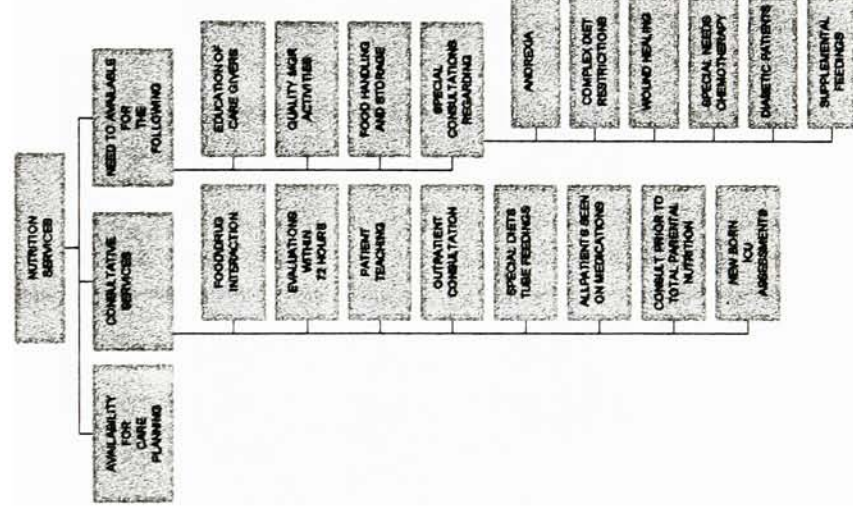
**Figure 6**

**FOOD SERVICE  
PERFORMANCE CRITERIA**



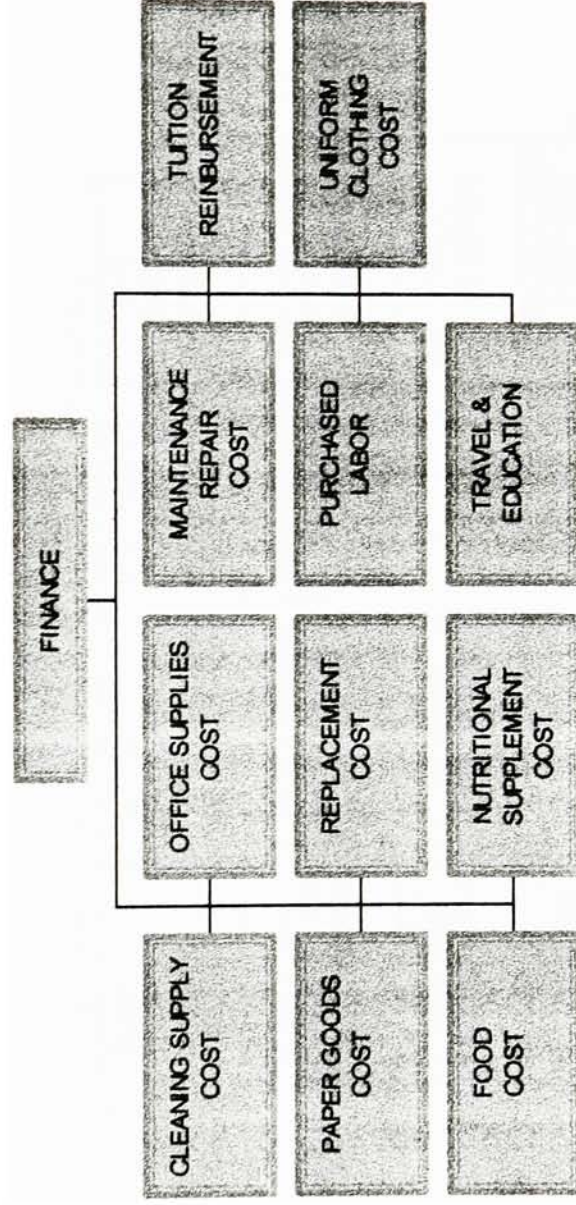
**Figure 7**

# **NUTRITION SERVICES**



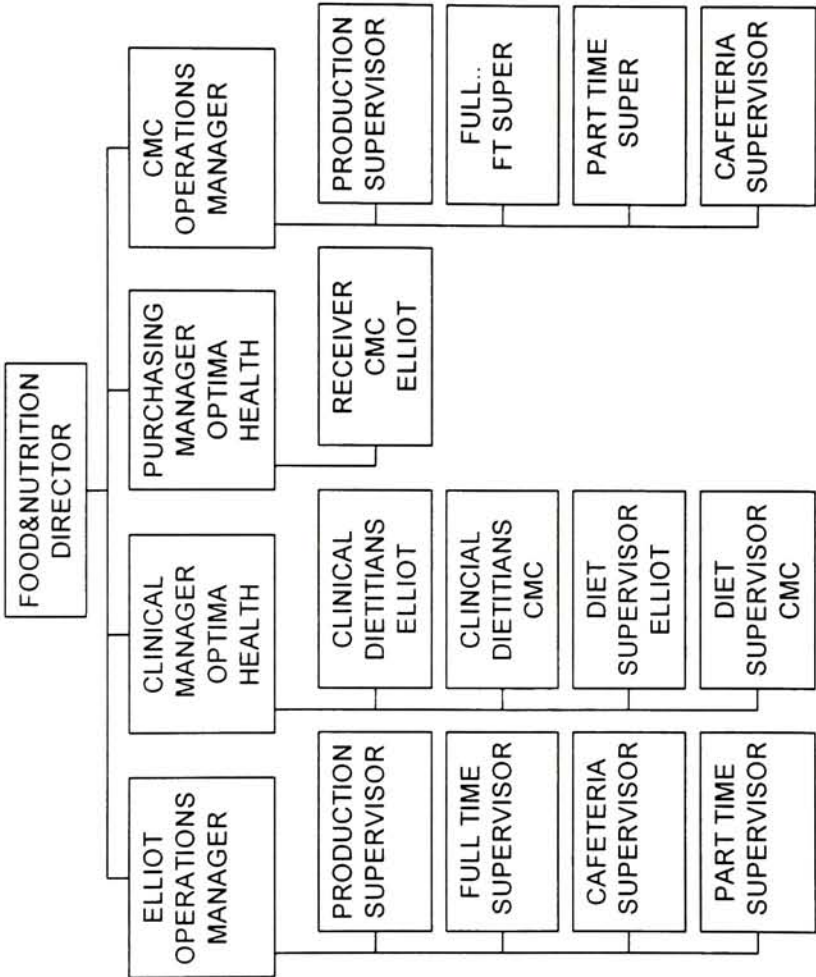
**Figure 8**

## **FINANCE**



**FIGURE 9**

**FOOD AND NUTRITION  
SERVICES**



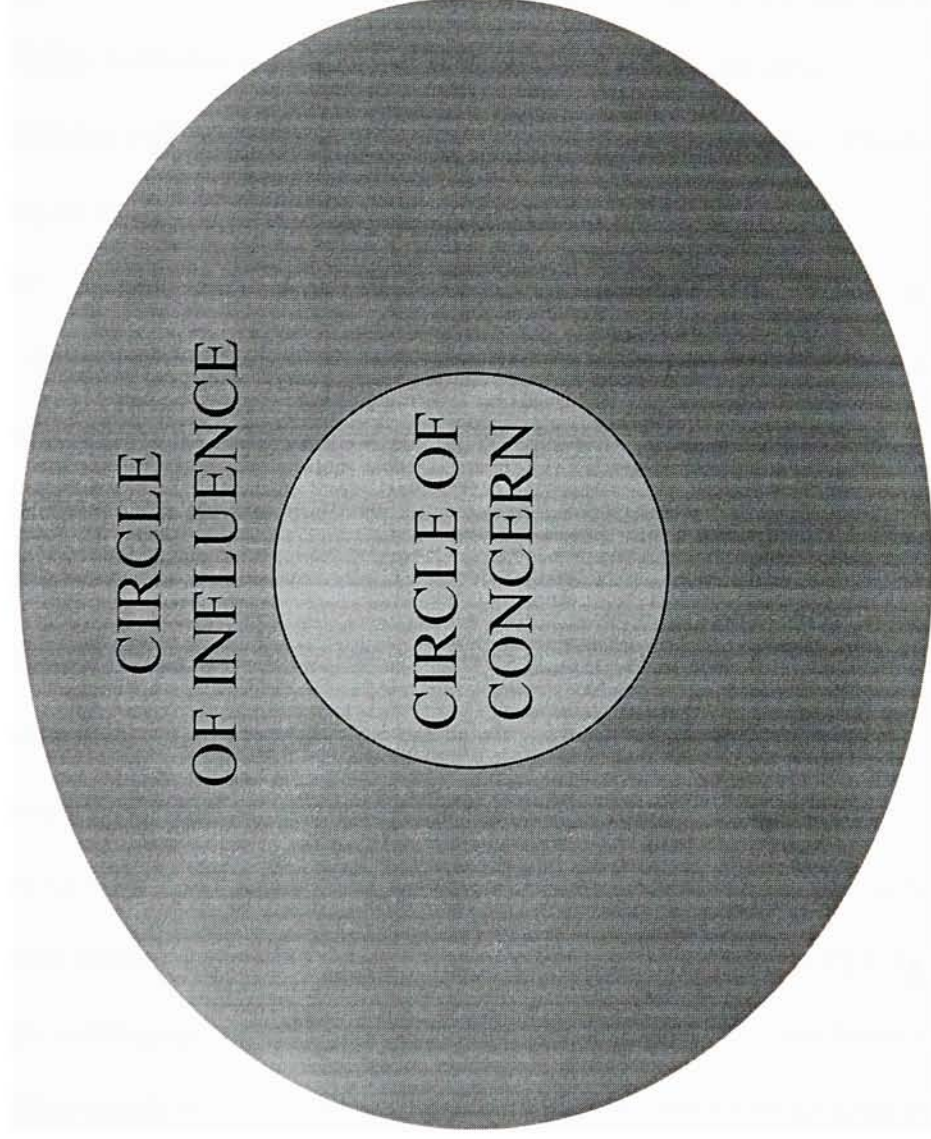
The starting point for movement through the process was to first acknowledge the pain of loss that both organizations were experiencing. There were no winners or losers because of the selection process, however, many felt this way. The healthcare system of the past was gone and the future was uncertain. The security most employees had relied upon in healthcare was no longer a reality.

The focus point had to be what could be controlled, not trying to move back to past practices that were no longer valid. The process of developing a joint mission, vision and values for the food and nutrition department was a starting point to understand their new areas of control and influence. Their focus had to be on increasing their areas of control and not obsessing on what they could not control. Covey 1989, makes reference to focusing on the area that one can influence as opposed to being victimized by areas one cannot control 7-Habits of Highly Effective People (figure 10). It was the expectation of the senior staff that every department would progress through the same process at the department level. This process had to include staff members from all levels of the operation as well as both locations. The process owners, the new management team, had to first recognize that there were major differences in the existing cultures. Deal and Kennedy (1982) in Corporate Cultures helps to diagnosis cultures in Corporate America today. Their suggestions helped manage change at Optima Health in this regard. Kennedy suggests these points on managing change. The importance of peer group consensus determining whether there is acceptance or rejection of the change at hand. The importance of conveying and emphasizing two way trust in all matters. Skill building and training should be looked at as part of the change process. The importance of allowing



**FIGURE 10**

Circle of Influence and Concern



The 7 habits of highly effective people. COVEY 1989 (pg 85)

enough time for the change to take holds. Finally to encourage people to adapt the basic idea for the change to fit the real world around them.

The Organizational Development Department, at Optima Health, was instrumental in facilitating the process of developing a joint mission and vision for the department as well as common values. Some critics both inside and outside the group felt that this would take too much time, but it was a necessary and collaboration building process.

Often the true cost of change is not fully explored by senior managers. The cost can be monetary as well as the loss of good employees. According to Deal and Kennedy (1982), the cost of change is equal to 5-10% of the annual salary budgets of an organization. This equates to over \$250,000 for just the food and nutrition department of Optima Health the first year. This was initially underestimated by senior managers. Senior management had made the change and transition much earlier than most of the organization so they logically were the first to face it, work through it, and embrace it. Senior management's reluctance to see this as along term process created disharmony. "What's the big hold up?" they would ask. Failing to understand the full process of change and transition for the staff was just beginning.

Another theme which appears to be critical in change process and mergers is to identify the details and pay attention to them. Merging organizations have multiple factors to consider prior to bringing two organization or departments together. It can be the little items that are often overlooked by upper management and that seem to create some of the major issues and concerns. Many times the minor items are critical to get buy-in from staff. One such item was the use of different food purveyors. Over a period of years both staffs had become comfortable with certain vendors who had supplied each institution its

fresh frozen and dry goods. Changing the vendors would effect the comfort and familiarity level of the staff and could also be viewed as another loss. Another example was uniforms. The staff at Catholic Medical center wore royal blue. The staff at the Elliot Hospital wore burgundy. What color would the newly developed department wear? This sounds so simple, however, it was a major road block in the process of bringing together the two departments together. The identity of uniforms was tied to past culture. These are a couple of the rites of passage among many that had to be addressed during the change process. Other issues will be addressed at a later point.

The first weeks of change were difficult for everyone. Staff was feeling the insecurity and loss of the previous management group. Sodexo, at Catholic Medical Center, had been well respected. During their twenty years at Catholic Medical Center numerous managers and changes occurred, but many viewed this change as a loss of identity. Some staff immediately viewed the change as win/lose propositions; they were losing. These concerns and insecurities spilled over into staff outside the department and created an immediate atmosphere of questioning at both hospitals. The questions in some cases were valid and at other times were meant in a mean spirited way. One such example was the coffee used in the cafeteria. The coffee used at both sites was the same product and blend from the same vendor. This product was used by both hospitals several years prior to the merger and after the merger. The same staff who had made the coffee for years were employed in the same positions, however, there were questions regarding the coffee not being as good as in the past. This is one of many such questions posed during the transition period. There were many others.



Simultaneously over the course of the merger process significant changes in the products and vendors occurred. Many changes resulted in compliments, others were often criticized. This created added pressure to staff that was already in a state of high stress.

The new management team communicated often with staff at both hospital locations regarding changes. This was regularly done informally at workstations and coffee breaks. The team also tried having lunch daily with the staff to manage the multitude of questions and concerns, and to field them before they became major issues. A department meeting was held weekly to update staff on new processes within the department and the organization. These were setup to be two way discussions so staff could also voice their concerns and offer input into the process. These weekly meetings were short, lasting only 15-20 minutes. Discussions were slow to begin, but after a few weeks some staff were comfortable asking questions and offering input into the decision making process. There were other more formal meetings monthly running approximately one hour. They were held away from the work area in a conference area and designed to educate staff on many areas ranging from food service safety to disaster planing.

These were important to the delivery of daily patient care, however, Optima Health was due for re-accreditation by the Joint Commission Accreditation of Hospital Organizations. A successful accreditation is mandatory for government and third party reimbursement. Failure to be accredited would create financial difficulties. The commission would inspect both institutions for their 3-year accreditation during the same week. This added to the stress that staff of newly formed organization felt. The Sodexho company claiming they were proprietary information removed policies and procedures manuals. Policy manuals, therefore, had to be recreated to reflect new processes. This

was another major obstacle that had to be overcome by the newly developed management team. The accreditation was successfully completed with a three year accreditation given to Optima Health. The team found themselves drained after the process.

Along with the many changes mentioned, staff needed to familiarize themselves with new personalities and styles of doing business. Change is difficult for most people, but it is particularly difficult if the change is radically different. The change to self-management was radically different for the staff at Catholic Medical Center. Their old contract management style was a very directive top down style of doing business. Responsibility of successful patient experiences was left mainly to the orders and directions of managers. The attitude was one of, "tell me what to do, I don't get paid to think." The change in management brought a bottom up style of management. This is an inclusive style which takes longer for a decision to be made. Experience had shown, however, that new decisions were ones that were effective and lasting. This can be attributed to staff buy in.

The newly developed management team worked with all on line staff to develop a sense of teamwork and unified mission; the department began functioning as a whole regardless of the separate site activities. Management's philosophy was one that recognized the on-line worker as an expert on his or her job, and further believed that workers who felt ownership and accountability for their areas provided the best quality work. Deal and Kennedy (1982) make a similar reference to workers in the text Corporate Cultures. They quote Rene McPherson, when he was CEO of Dana Corporation, "Until we believe the expert in any job is the person performing it, we shall forever limit the potential of that person (pg 145)." This philosophy had been embedded



in the staff of the Elliot for several years prior to the merger. The text Corporate Cultures had been required reading several years prior to the merger for Elliot Hospital managers. These readings helped team members understand the culture differences between the two facilities as well as the change or reshaping culture that the staff was currently undergoing. One way to introduce the management of this process was through the development of mission, vision, norms and values.

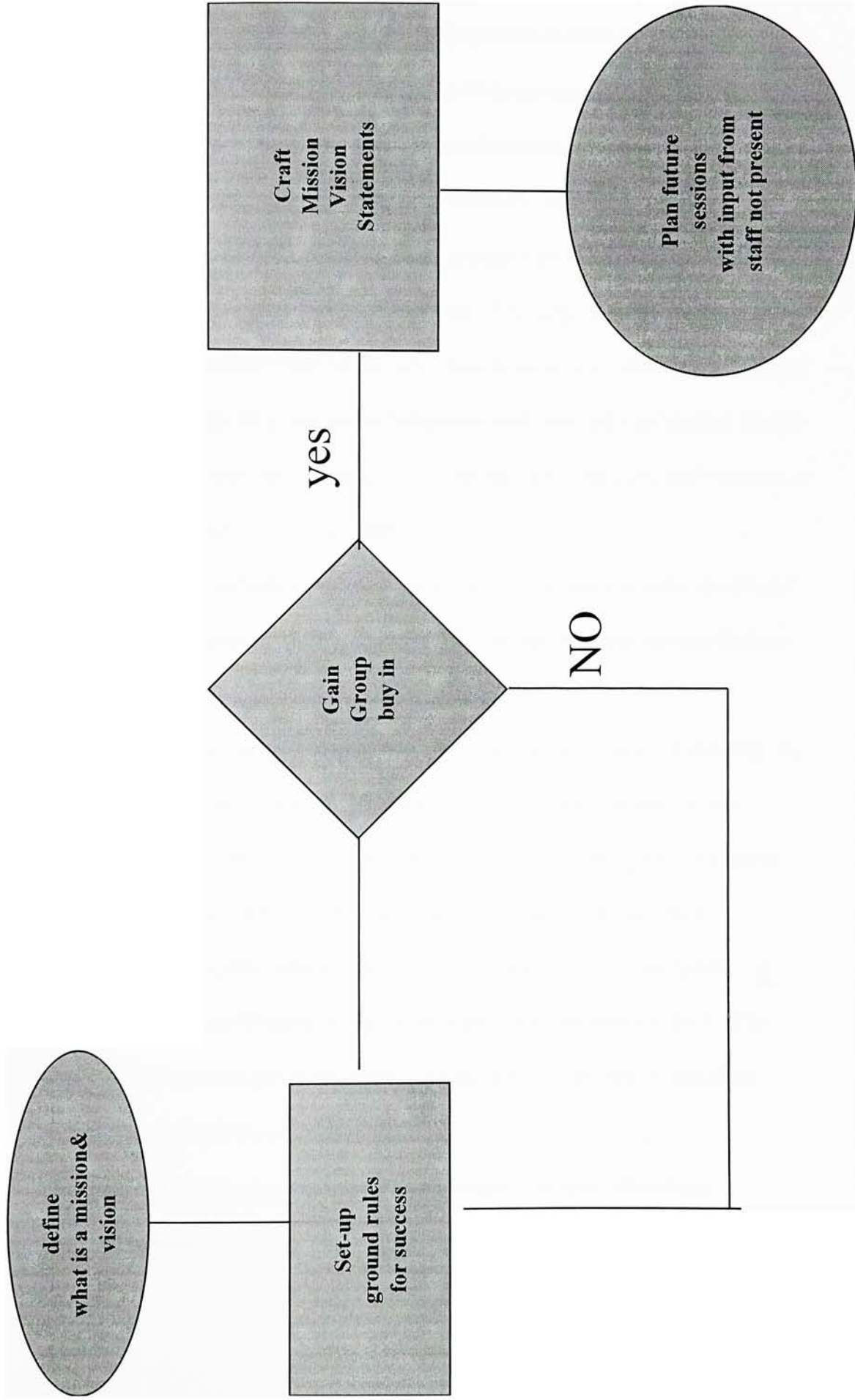
Reshaping culture is effectively done through building two-way trust. Two-way trust can be built through personal ties of staff. The development of a department mission statement was an expectation and a directive of senior management. This process built the needed personal ties and two-way trust needed for staff to reshape their culture.

The process for the department began in January, 1997, four months after process of consolidating food and nutrition departments began. The department would be joined together through common goals that were developed through the departmental process of creating mission, vision and values statements. This would result in a consistent mission, vision and values throughout the food and nutrition department regardless of where the team members were to manage. All staff was invited to participate in this voluntary process. The first meeting was held at the Elliot Hospital to discuss the expectations, ground rules, and the importance of staff input to the success of the process. Roughly forty of the two hundred staff members of the department were present for the first meeting. Over-time was paid when necessary for this additional work. It was important that everyone participate that was interested.

The meetings began with introductions and various ice breakers (see figure 11). Figure 11 visually lays out the process the newly formed departments went through to

**FIGURE 11**

**Food and Nutrition  
Mission & Vision flow chart**



create mission, vision, and values development. The process defined what a mission, vision, and value statements were. The participants of the process offering an organized process for meeting established ground rules. This gained buy-in from staff. There was a sense of uncertainty with staff at first, but the discussions became lively and many issues and concerns were addressed. At the end of each meeting there was a tour of the hosting site so staff could become familiar with both locations. The hope was that staff would eventually work at the location where needs were greatest on a given day. For example, if the Elliot Hospital was very busy and needed additional staff and Catholic Medical Center could afford to send someone they would go. This created fear with some staff because of perceived differences in policies and procedures.

The following is a paraphrasing and summary of the visionary exercise developed by Paul O'Leary who headed up the Organizational Development department at Optima Health for departments going through the merger process.

The reason for developing a mission and vision were to develop the following: (1) Finding our Purpose, (2) Setting our direction, (3) Shaping the future of our department. A vision is a clearly articulated, results-oriented picture of a future we intend to create. The focus for the department was on the end results. Creating a picture of the whole. This picture would illustrate meaning and purpose, the values behind the work of the department and why we did it. The vision would focus on our needs, desires, values and beliefs. We would all be critically involved in the creation of it.

The challenge for the department was to understand the new rules of our organization and to make the most of future possibilities. As we worked together in this



process, we got to know each other better, created a better understanding of our past and focused on our customers. Everyone created a mission, vision statements and action plans that would define our new reality. This was a time for us to have a common focus. This also gave the very different group of employees time to focus on what we did value and why. These statements would clearly explain the reason for our existence as a department in support staff of healthcare providers and patients. Our department mission was to be a reflection and collection of each and every personal mission that we have as individuals. Being part of a working team, connected with one another, we could help each other achieve our sense of meaning.

Our department mission would guide the decisions that we made, the services or care that we gave, the strategies that we took, the resources that were chosen and how our customers would be served and satisfied as we cared for them. Our vision was a powerful image of the ideal future that we intended to create. It let us know what success looked like and what was worth working for. It clearly stated what our future department would be like. This would guide us in making it happen through our choices and our actions. Our vision would be a stretch. It would challenge each of us and one another together. Our vision statement would be our creative solutions to the challenges that lay ahead. Developing this was difficult and living it was a challenge. Our vision would act like a compass. It would guide us even when our direction seemed lost.

After developing our mission/vision statement, we needed to examine the realities of our present situation. This was done by analyzing our current reality our attitudes and beliefs, other people's impact, our environment, operating norms, skills, habits, resources, procedures and support systems, leadership, how we spent our time, everything that

influenced what we did. Honestly describing our current reality was important for two reasons: (1) it identified what needed to be altered to achieve our vision, and (2) it created the motivation for change.

Senge suggests The Fifth Discipline (1990), we established a creative tension to create our vision of the future. Whenever we want to focus on current reality and on our vision, tension was created. It was creative tension that drove us to clarify the gaps and created the necessary energy to realize our vision.

Tension seeks resolution. There are two ways to resolve the tension, (1) to give up on the vision by deciding that we really don't want it, that it is impractical or not possible and (2) to realize the tension. It is necessary to define and understand the conflict resulting and to decide to use this tension in a positive way. In this manner, we continued to be realistic about our current reality and while we maintained our focus on our vision(pg150).

We could see an incredible amount of power that was generated by this group of people who shared this common vision and actions. We would develop our potential power as a group by becoming a high performance work team.

The full document was distributed to all participants who worked on the mission, vision and value statement projects at our first meeting. Some staff were very focused on the use of the document others needed some help in working through the document process.

Our first meeting was designed with the following time lines. The meetings that followed lasted about 2 hours each. Work was done in small groups that were made up of people from both hospitals. This enabled staff to get to know one another. This also



enabled staff to see first hand that what each considered important. It was quickly found that important items were common to both hospitals. As progress was made, details were posted in both departments for staff members unable to attend. Staff could comment on the progress and offer additional suggestions. These suggestion were taken back to the next meeting for discussion and inclusion. The full process developed the following statements:

#### Food and Nutrition Services Mission Statement

As a dedicated team of professionals, we strive to fulfill the needs of our patients and customers. We accomplish this through open and honest communication, mutual respect, and service excellence. We utilize creative problem solving in spirit of continuous quality improvement, resulting in the highest quality Food and Nutrition Services.

#### Vision Statement

We the employees of Optima Health Food and Nutrition Services will exceed our customers' expectations in providing cost effective, and high quality services. Our empowered teams will take pride in our state of the art Food and Nutrition Services. Our Facilities will be designed to provide the highest standard of cleanliness, sanitation, and safety. We will have appropriate and spacious working areas for all of our staff. Our facilities and programs will be a resource for our community. In an environment where we are each other's own best customers, our loyal team will utilize effective communication skills and strive to produce appetizing nutritious, gourmet meals for our patients and customers.

Optima Health administration, physicians, and the surrounding community recognize the importance of quality nutrition. By adapting to changing health care needs, we will become a model of excellence.

### Norms and values

Even though we were dealing with results of our joint efforts changes from the past had to be done in an understanding way. The focus had to be on the new way of doing things the way the staff had created them. Bridges (1993) suggest in Managing Transitions to always treat the past with respect. “Never denigrate the past. Many managers, in their enthusiasm for a future that is going to be better than the past, ridicule or talk ill of the old way of doing things. In doing so they consolidate the resistance against the transition because people identify with the way things used to be and thus feel that their self-worth is at stake when the past is attacked (page 30).”

Table 1 is the mission and values set up by staff to put into action the plan they had developed. The layout of the chart is far more manageable for staff to keep track of progress. It offers timetables and goals in a manageable format.

## Chapter 3

### Evaluation

The evaluation of the change process will review various progress reports as part of the study. The first year of operation is shown on following pages. Discussion of what went well, what did not go well, and where improvements could be made will be highlighted.

#### **Areas that went well:**

Both food and Nutrition departments were forced to take a close look at their operations. The proposal process used to determine who would operate Food and Nutrition Services resulted in many areas where improvement could be made at both facilities. When the review of operations was conducted, many improvements were found and shared with staff involved in the change. Such was the case of the food and nutrition departments. The purchasing contract that was utilized at the Elliot Hospital is one example. Prior to the merging departments, Catholic Medical Center used the Sodexo purchasing contract and Elliot Hospital used the Premier, a contract consortium used by hospitals nationally. The proposal process reviewed both purchasing systems and found that the self managed group-purchasing system would save 8-10% for the organization by consolidating the purchasing volume. This saved approximately \$250,000 the first year, a significant reduction in a five plus million dollar budget used in the food and nutritional department. There were significant savings in contractor fees, charges and payroll that were eliminated by going to a self managed system due to the removal of these services. These additional savings amounted to \$450,000 in reduced charges. During the

remainder of the fiscal 1997 there was an additional savings of \$75,000 though changes in operations. The sum of the savings totaled over three-quarters of one million dollars. The savings were greater than 15% of the combined budget of both hospitals. This is clearly represented in the following charts(fig 12&13).

One might assume with such significant saving that services and other areas might suffer a downwards trend, however, customer service improved over the period studied. Press Ganey scores were collected prior to, during, and after the merger of the department.(fig 14) There was a positive upward trend during this period that is considered unusual during a transition. This could have been due to the increasing amount of data that was now being shared with staff. Subsequent to the merger, this information was not shared at Catholic Medical Center. Staff was now encouraged to comment on the data that was posted for their review. Explaining and sharing data with staff quarterly showed a direct result of their efforts. This was a reflection of their efforts and now could be tracked from quarter to quarter. The data was used as an improvement tool not as a means for punishment. This encouraged staff to participate in the improvement process. Ideas from staff were given equal consideration. Participation of staff proved to be valuable in resolving problems. Often the best solutions were offered by the synergy produced through these types of dialog.

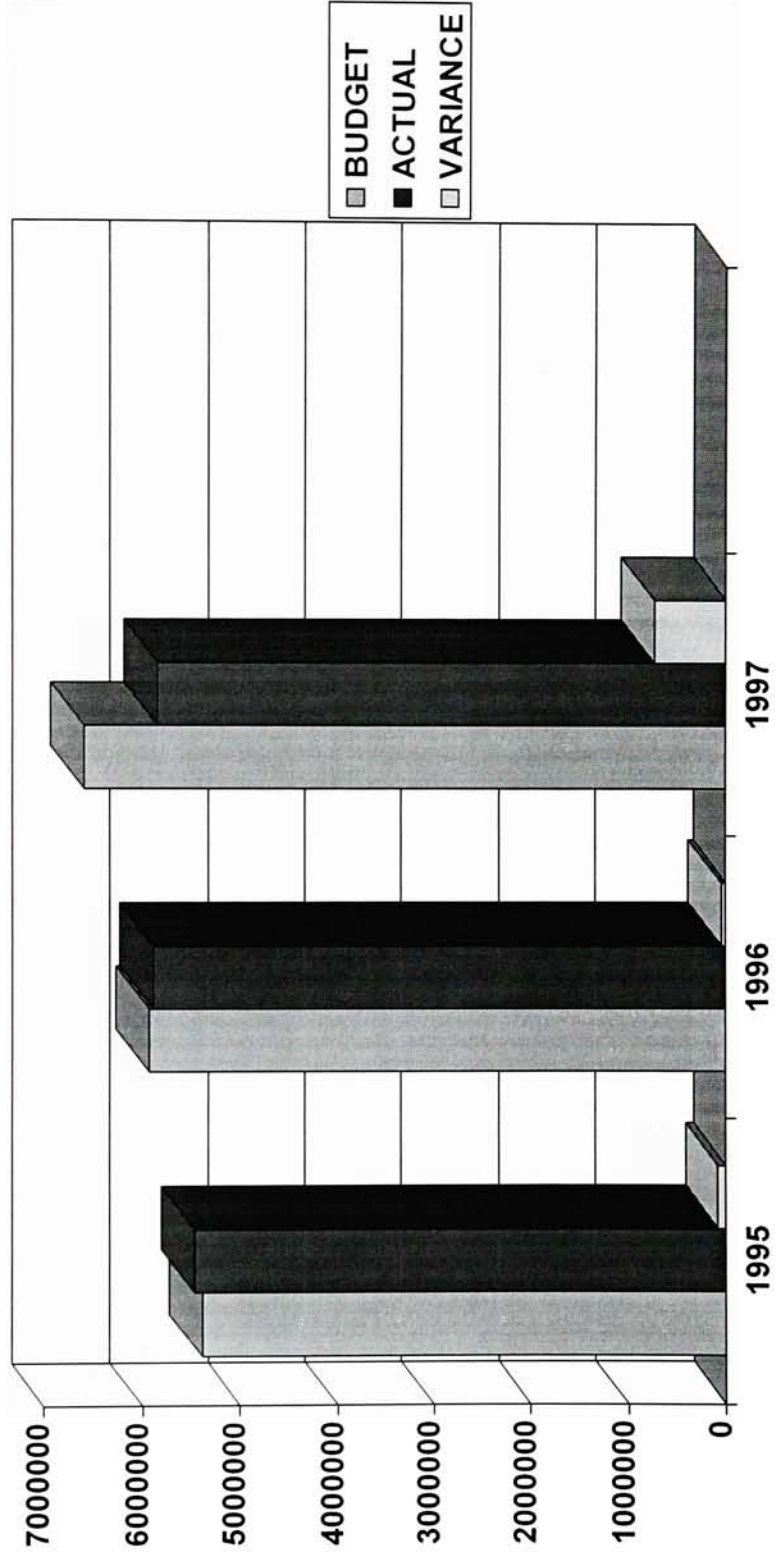
Health department scores improved. The Elliot Hospital won an outstanding award for food safety by the Manchester Department of Health during the transition period. This award is given to food service facilities that exhibit exceptional, food safety practices and receive better than 90 points on their health department inspections over a one year period (fig15). Again an upward trend was experienced during the transition



**FIGURE 12**

**EXPENSE COMPARISON**

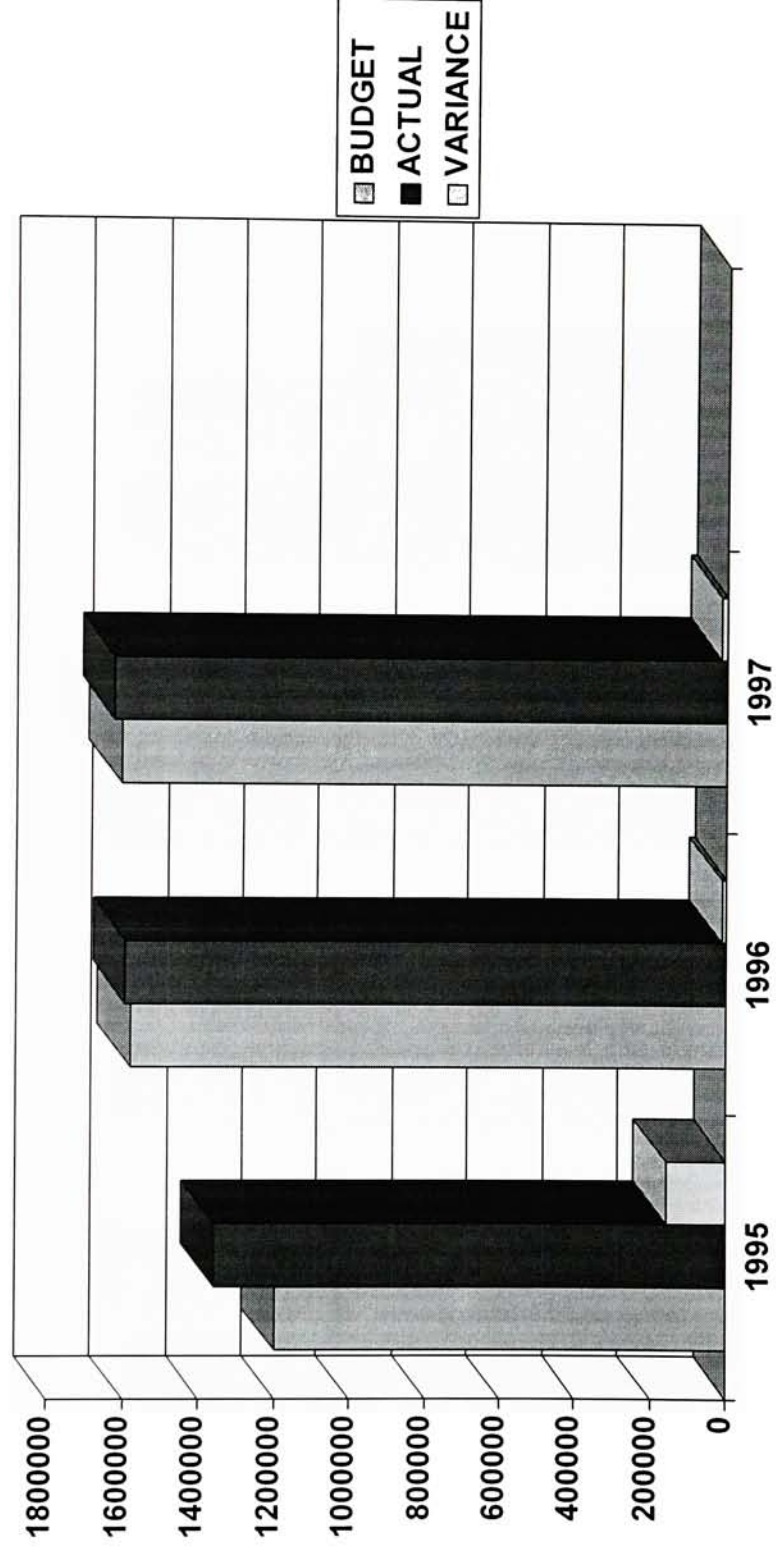
**PRE AND POST MERGER**



**FIGURE 13**

**REVENUE COMPARISON**

**PRE AND POST MERGER**



**FIGURE 14**

**PRESS GANEY '96 & '97**

**DIET and MEALS SURVEY**

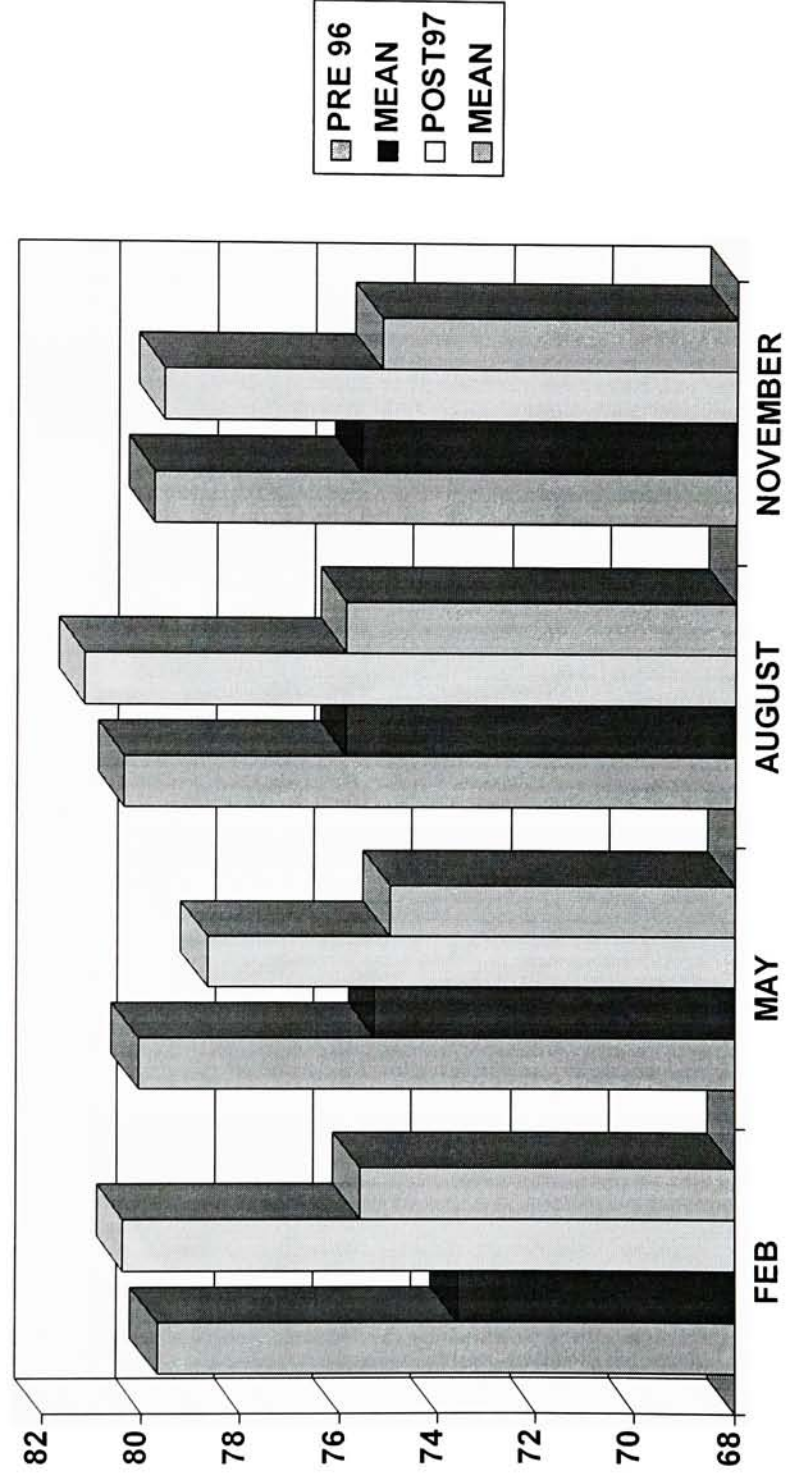
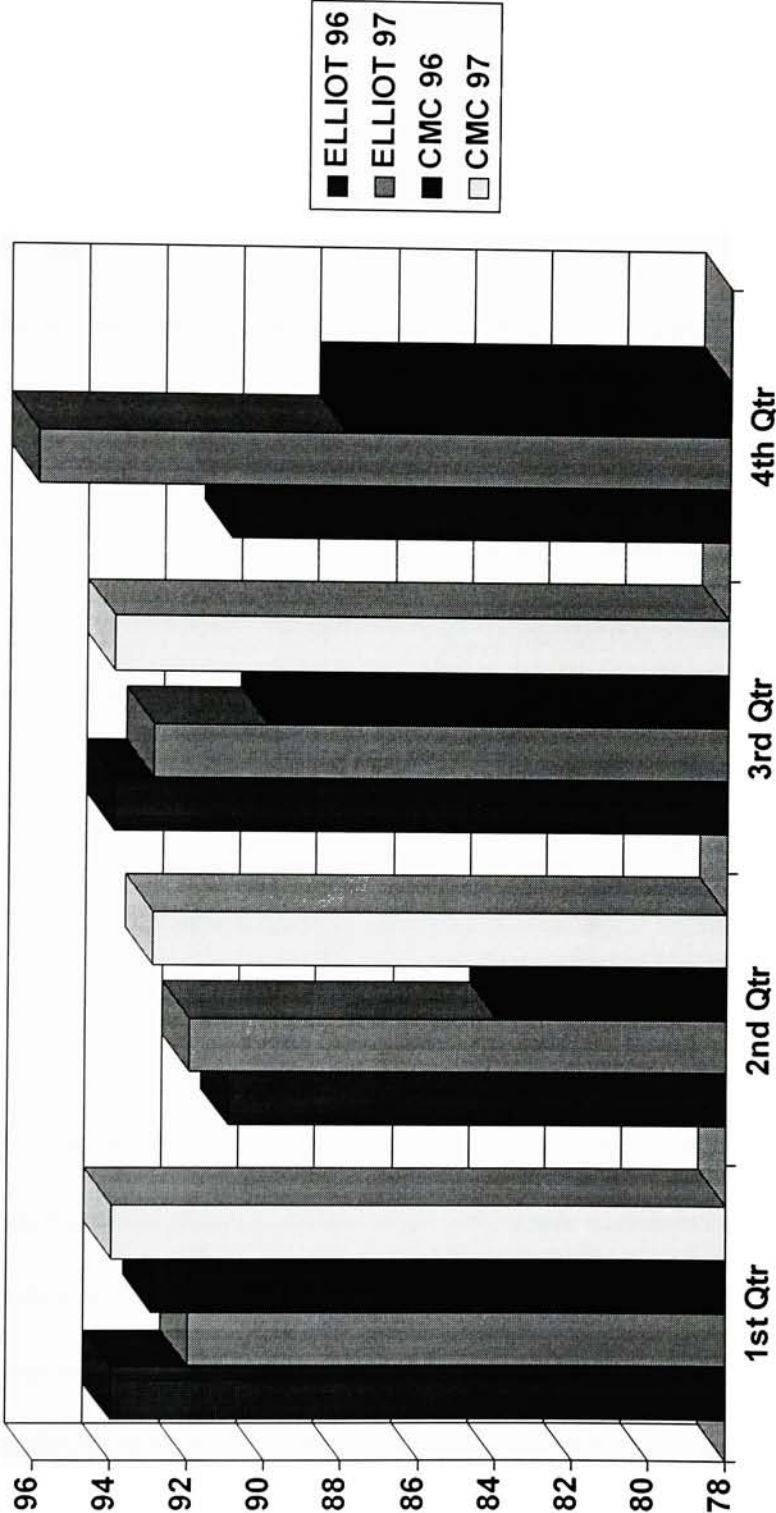


FIGURE 15

HEALTH DEPARTMENT  
REPORTS PRE&POST MERGER '96&'97





process. Higher scores are unusual in transition periods according to health department inspectors. All data was shared with staff so their suggestions could immediately acted upon and further improved. A quality improvement team made up of a cross section of employees was put together to improve safety as well as quality.

Indicators like the health department survey, Press Ganey and budgetary successes offered several ways to measure how well the combining of departments was succeeding. This gave all employees several ways to measure the progress made over the period of transition. Information was openly shared so input could be examined and improvement made. Staff responded well to this process and contributed to the success of the transition.

During this same transition year of transition a three-year accreditation was given to both hospitals by the Joint Commission Accreditation of Hospitals Organizations. This is the longest accreditation offered by this accrediting body. This accreditation process is a very rigorous process with three inspectors reviewing and inspecting all areas of the health care delivered at both facilities. This five day process was conducted by a physician, nurse and a healthcare administrator. Reimbursement of insurance is contingent on successfully passing this accreditation. Losing accreditation would mean financial disaster for any healthcare organization.

As proposed, there were economies of scale, which needed to be made to meet, suggested goals in the presentation process. Major steps were made in delivering consistent quality services at both hospitals through the following process changes:

- (1) One new menu was developed for both health care facilities making cross training and transfer much easier on staff. This made it possible to standardized

production methods with the same recipes being used at both facilities standardizing the process for staff and supervisors.

(2) These changes to a more consistent policy and procedures helped standardize expectations of both internal and external customers. Items such as cafeteria prices at both hospitals were now consistent. Policies on special events involving food services were the same. Complimentary meals for special holidays were now handled the same manner at both facilities. These all contributed to improvements during the period of change.

(3) Unified financial reporting gave a true representation of our successes during a time of transition as one combined department. Comparisons were now made through one budgetary process. This offered easy comparisons as opposed to complicated reporting offered by the contracted service.

(4) Labor reductions were made using attrition and transfer without any layoffs. This built trust with staff.

As the first year of change came to a close, staff was included in decision making which proved to be valuable to the change process. The employees now felt vested in the future of the organization and had a say in the direction the organization was taking. The decisions and suggestions employees offered were more often the best decisions. As staff moved forward in their participation, the process of change quickened. Trust was building and the lengthy process of group dynamics was now much more streamlined. Progress was being made at a faster pace after the first year of operation and the merger appeared to be successful.

**What did not go well**

The final decision process with senior staff for Food and Nutrition Services took far too long. This created lapses in service due to decisions effected by the outcome. Many important decisions regarding policy and procedures were delayed. This two-year time span, created additional fear and anxiety for staff and managers alike. If anything was learned from the process, it was that the decision process should have been made a critical priority. Two hundred members of the Food and Nutrition Department and the 3000 Optima Health staff were effected. Long periods of waiting cripple the movement toward change. Productivity suffers and quality can suffer from prolonged gaps in final decisions making. Anger in staff was sometimes inappropriately displayed and had an effect on customer service.

Management style changes should be studied closely and never taken for granted. The background of the incoming management group was one of communicating openly, honestly, and often. The expected response to the new management group was suggestions and input to change. This was a successful process used at the Elliot however, it was a major change from the top down style the Catholic Medical Center group had been accustomed to. What the new management group felt would be a welcomed change was met with resistance initially. Time and transfer of the decision making process to the employees took much longer than expected.

The turnover period of management from (Sodexo) contractor to self-operated management was lengthy. A 90-day change over period was a slow death for the managers leaving and a difficult experience for the remaining staff. This also created hard feelings for staff outside the department that had developed relationships with the contract



managers over the years. The incoming managers had to overcome the ill feelings of being associated with change. The process created a division between the two groups, Elliot Hospital against Catholic Medical Center. The common perception was one of competition and the comment most often heard was "Elliot is taking over." This softened somewhat during the first year, but is still somewhat evident today.

The senior decision-maker's support was inconsistent during the period of transition. The progress needed to move ahead for the merging of departments was clearly outlined in the proposals and presentations. There were no surprises or unexpected changes that were not fully discussed prior to the decision, however, there was wavering support with the difficult changes that would eventually make the process successful. This was particularly frustrating for the management team orchestrating this process, but also created inconsistency for the many internal and external customers using and providing services. There were also issues with micromanaging by senior management and difficulty with internal political issues.

The politics of change were not fully explained nor understood prior to making the transition. The cultural differences were far greater than expected and movement was slow and difficult. Much time and money was spent planning and measuring prior to the merger on financial feasibility and savings. There were significant dollars spent on the legal issues and the antitrust agenda. The area overlooked was the cultural and historical issues that ran deep in the population of Manchester, New Hampshire. The merger meant more than savings and legal issues to citizens. It meant that there was a significant part of their heritage was disappearing and changing. The Catholic Hospital, as many patients knew it, would no longer be the same. The merger angered citizens, physicians and employee alike.



Displeasure with the merger was showing up daily in the local and regional newspapers. Questions were being directed toward the new organization regarding religious concerns such as abortion, sterilization, and other issues. These items were areas of concern that had not been addressed to the community. Some of these services would now be provided at Elliot Hospital. The community was left out of the process and citizens were feeling misinformed and cheated. Pre-education and discussion with the community was not handled in an open honest manner.

To this day the unrest and concerns of the community continue to show up regularly in the news media with no end in sight.

### **Recommendations for Improvements**

Anyone going through a merger process should not overlook internal and external culture differences. Many dollars were spent on the financial and legal issues and the issue of culture was given just lip service. Understanding these differences is a critical component to the success of any organizations considering merger activity. Optima Health failed here and is currently trying to rework these issues. Rework of this sort is a lengthy process. Rebuilding trust costs far more than the legal and financial pre-merger research. It cost the organization the trust of the community, physicians, and staff. Culture differences can significantly slowdown and even derail the merger process. A slow down in any merger results in significant loss financially as well as a market position. Including community, physicians and staff from the beginning may have prevented the upheaval that Optima Healthcare was and is currently facing. As a result the process is being questioned and reworked and has become a major political football for the city of

Manchester. Studying the culture of any organization or community is critical to the success of any similar undertaking.

Decisions should be made in a timely fashion so that there are no interruptions in the momentum of change. The lengthy process the Food and Nutrition department endured was unconscionable. Information requested should be complete for all participants so rework is prevented. All individuals should be treated the same regardless of their position in the organization. Professional staff as well as service staff are critical to the success of any organization and should get equal priority. Unfortunately, this was the not the case.

Once the decision is made timetables should be as brief as possible when turnover of staff is involved. This change can reduce the prolonged pain for all staff staying and leaving. These timelines should be setup prior to a decision and should be carried out as swiftly as possible without compromising the service to patients and customers. This process for Optima took far too long.

Once decisions are made senior management should let go of their day to day involvement or to processes that could be misconstrued as micromanaging. This is as important to the internal and external customers as it is to the team assuming the new management role. It is important and much faster to get problems resolved at the source as opposed to going one or two levels up the chain of command. This also helps to build relationships early on in the process. Senge (1995) states, "Top-management 'buy-in' is a poor substitute for genuine commitment at many levels in an organization, and, in fact, if management authority is used unwisely, it can make such commitment less rather than more likely (pg 42)." It is important for management at all levels to offer constructive

feedback so this may be corrected. The Vice President Chief Operating Officer of Optima Health fielded far too many issues that should have been handled a lower level. This type of management was a symptom of a previous style and was undermining.

Details are critical to any change process. Pre-planning is vital to anyone undertaking significant change. Plans should be, if at all possible, developed by the transition team to decrease the oversight of any of the key components for its success. Milestones should be developed to help manage successes as well as shortfalls.

Team building for the management group earlier in the merger process could have removed several obstacles that created difficulty during the process. Some members had past relationships and others had to learn their part. This created some confusion on the team level and added to the time line in getting through projects. New policies, for example, took longer due to new players and new roles for old players of the management team. The participatory style of management will always appear to take longer than an autocratic style. Process is critical in achieving good results in this and other similar processes. Good procedure is critical for success with all expectations being understood by participants.

The process of using several tools to measure results is extremely important. These results can be used to measure future performance. They also can remove some of the perceptions that were brought along from the old cultures. These perceptions of how staff feels are easily verified with the use of hard data. Data needs to be collected from a variety of sources. This offers a broader view of how well progress is being made. Patients surveys, staff opinion polls, inspection agencies, financial data are a few of the many tools available to measure successes as well as areas which may need improvement.

These can also be used to study trends in services. It is critical that all results are shared openly with all staff.

Discussion of some of these tools will be further discussed in Chapter 4 under conclusions.



## Chapter 4

### Conclusions

The study of the Optima Health merger of food and nutrition services will continue to be followed and studied in the several ways. It is through continuous quality improvement processes that organizations improve their services and their position in the marketplace.

The Food and Nutrition Department will continue to utilize Press Ganey surveys for trends in services. This tool will also be shared with staff on a quarterly basis. It is through continuous monitoring instruments such as these that organizations learn to sustain continuous improvement. The Press Ganey tool will also be regularly modified as needed to reflect the true feelings of our customers. Understanding and anticipating customer needs is the basis for success of any service organization. Press Ganey reports will be updated annually at user group that meets in New Jersey to brainstorm ways of improving systems and share successes. Optima Health is well represented at these events.

Norms and values of the department continue to be monitored through the survey instrument given to staff and the management team. There are two separate surveys; one which is management team specific and another for the balance of the staff. This offers the opportunity for staff to give feedback in areas they feel improvement is needed. The compiled results are graphed and posted for all staff to promote understanding and further dialog. Comparisons are easily seen and understood in graphic format. Surveys are completed every six months for tracking purposes and are compared and contrasted.

Listening to our internal customers (our employees) is very important and helps to promote success in the operation of the department. Employee feedback is vital to improvement so that the best adjustments can be made to successfully serve our external customers. Another survey is provided for the management team to gauge which areas need improvement and to examine successful practices. This tool is helpful in developing high performance teams in the department.

Health department quarterly reporting is tracked to target areas that may need improvement. These are also discussed with staff and posted for suggestions and specific areas that may need improvement. The results are discussed in smaller action groups at meetings and improvements made. A comparison of pre- and post- merger results insure the commitment made to the community is kept. Changes or trend are closely monitored because they are critical to the safety of our patients.

It should also be noted that the Elliot Hospital won the Manchester Department of Health High Achievement Award for the second time. This award is given to food service establishments which exhibit food service practices above the city requirement and have made significant efforts to increase the quality of the their program from the previous year. This is a significant accomplishment under normal circumstances, but is even more significant considering the major change the organization was undergoing. The staff understanding of this tool and how the score is tabulated is critical for improvement and success.

The annual budget and monthly financial data is carefully reviewed with the staff of the department at regular meetings. This review helps staff to understand their the financial position of the organization in a rapidly changing environment.

Staff has been educated on the key important areas of the department. This education is critical so staff can proactively manage their time. Several vital signs of the department are reviewed: the daily census, cafeteria trends, floor stock usage, number of outpatient diet instructions and special function volumes. These are the important areas driving daily activity. Staff is expected to check and react to volume shifts. A shift upward might add staffed hours. A downward shift might have staff reducing hours by leaving early. When volunteers are not available a call-off list is used to determine who will leave early in times of low census. Patient census takes upward trends brought to the attention of team leaders so additional staff can be called into work.

Other shared data information from other hospitals is also available for comparative purposes. There are a few sources used to compare hospital performance. One such source is a bench marking system set up through the Premier purchasing group. These groups study similar hospitals and best practices with other members. Groups meet twice a year, but are in contact via telephone or computer regularly. It is through groups such as these that directors of hospital Food Service departments maintains a large source of information and knowledge to draw upon as needed. Group members share information readily and are helpful in offering suggestion on new programs that can save valuable time. Another benchmarking source is the Macon Peer Program data base, has been recently purchased by the Optima Health Organization. This database is a detailed review of many health care organizations across the country. Hospitals are compared according to peer groups and information is freely shared for improvement processes. The Macon Peer program tracks critical financial data annually as well as patient statistical data and reports it in comparisons to other similar organizations.

Tools such as these used in isolation are not a valid sign of how the operation is performing, however, when used in concert they are complimentary and validate the true performance of the department being studied. This is the only true way that the organization can understand its progress or setbacks.

The food and nutrition department will continue use these informational check programs in this manner and educate its staff. It is through education of the supervisors and staff in processes such as these that we becomes a learning organizations and continue to make head way and show improvement. The open sharing of data builds trusts in the organization among the staff. Mutual trust is critical to the success and growth of the organization.



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